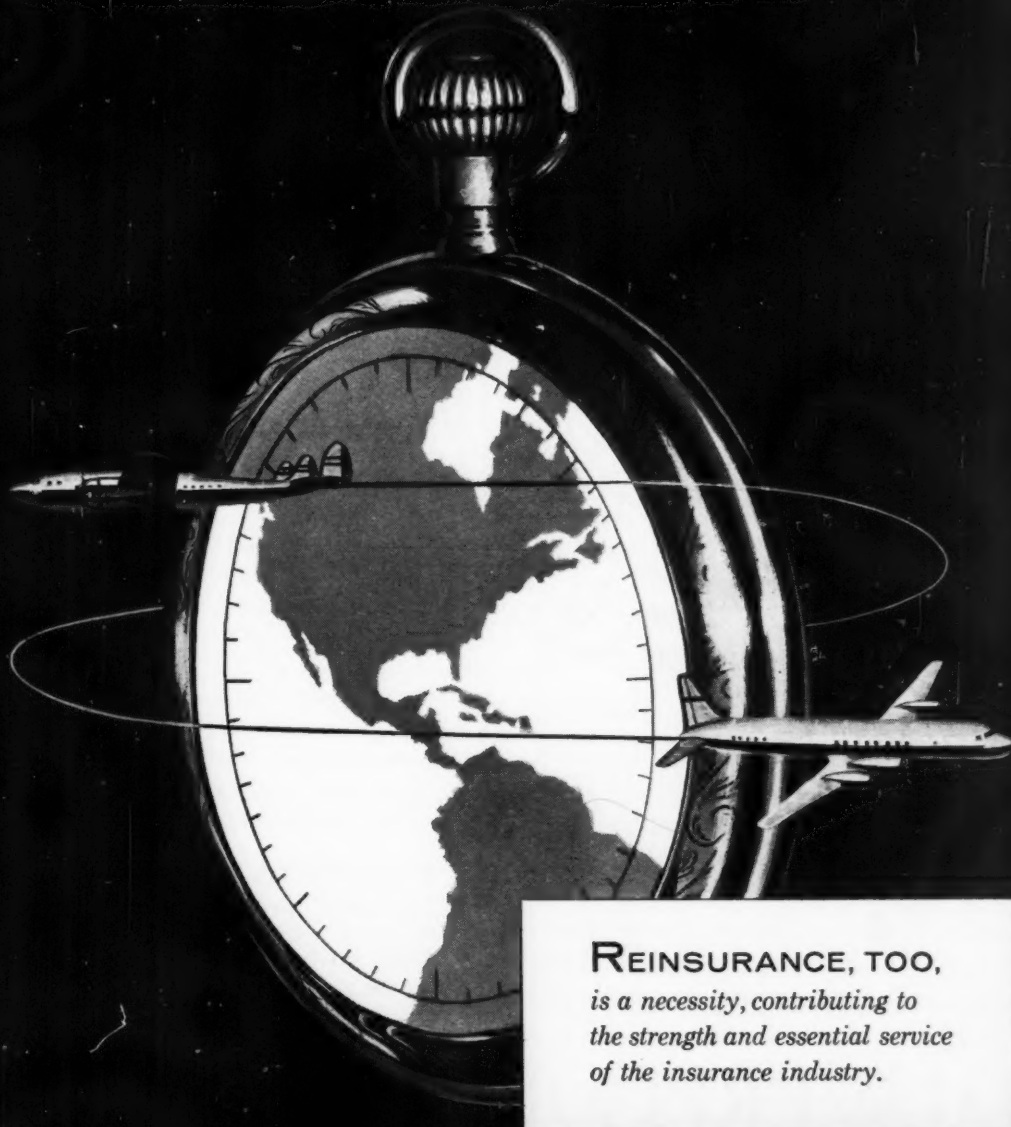


The NATIONAL UNDERWRITER

NECESSITY



REINSURANCE, TOO,
*is a necessity, contributing to
the strength and essential service
of the insurance industry.*

GENERAL REINSURANCE CORPORATION



Largest American multiple line market dealing exclusively in Reinsurance

ALL FIRE, CASUALTY, ACCIDENT AND HEALTH, BONDING AND MARINE LINES

Home Office: 90 JOHN ST., NEW YORK 38, N. Y. | Midwestern Dept.: 1012 BALTIMORE BLDG., KANSAS CITY 5, MO.

REINSURANCE REVIEW

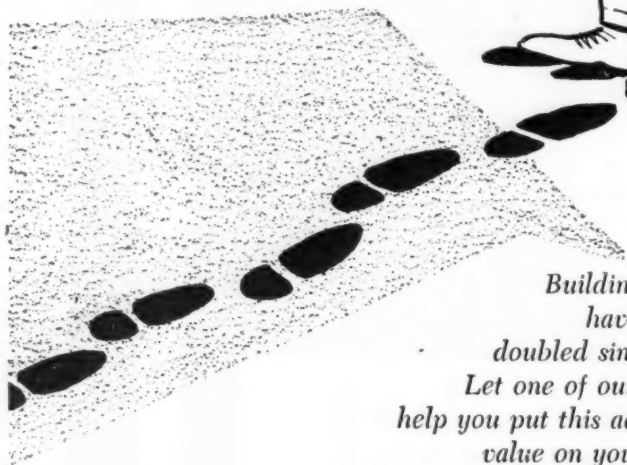
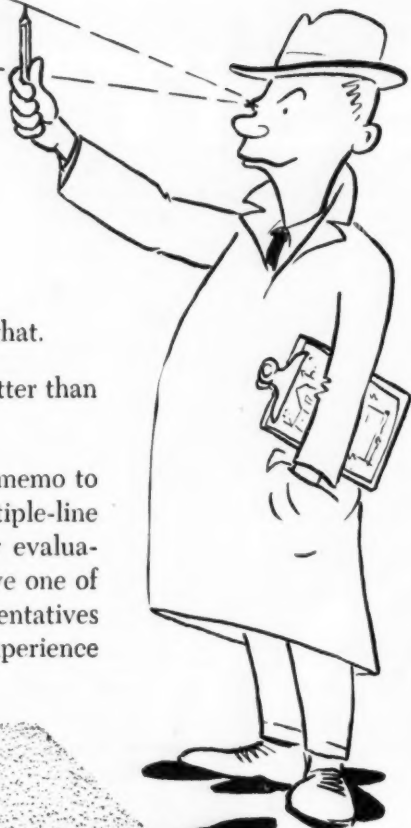
THURSDAY, DECEMBER 27, 1956

hold it,
mister!

You can't get away with that.

Today's values demand better than slipshod appraisal.

Use that pencil to drop a memo to your Royal-Liverpool Multiple-line fieldman and outline your evaluation problems. He will have one of our Fire Protection Representatives on your job with all his experience and knowledge.



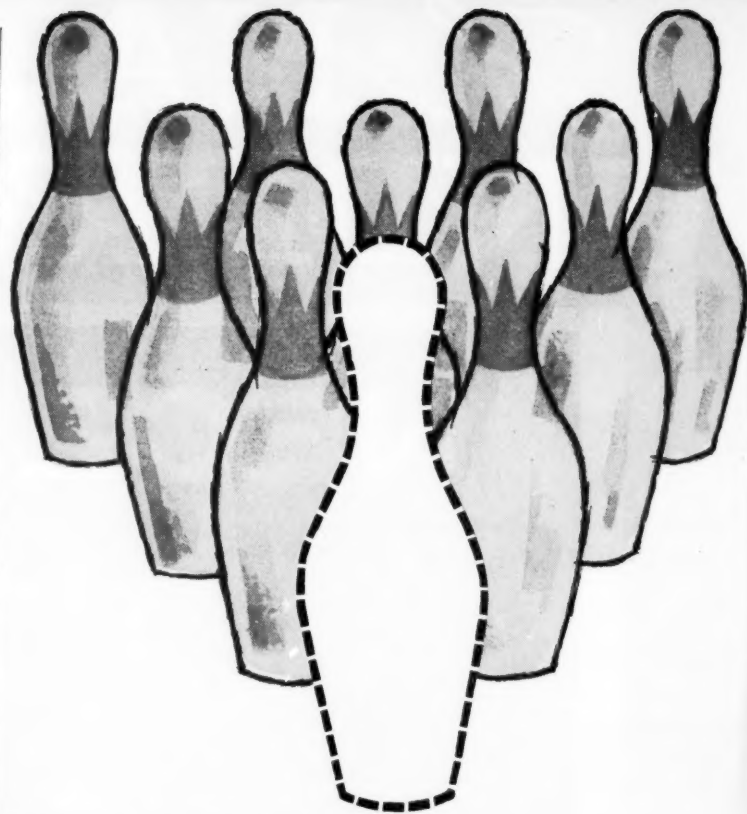
Building values
have almost
doubled since 1939.

Let one of our experts
help you put this additional
value on your books.

ROYAL • LIVERPOOL Insurance Group

CASUALTY • FIRE • MARINE • SURETY
150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY, LTD. • ROYAL INDEMNITY COMPANY
GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • NEWARK INSURANCE COMPANY • STAR INSURANCE
COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE
COMPANY, LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY



Let Us Give You the NEW KING PIN For Your Line

You will discover that Holland-America's unique new Executive Accident Policy, affording 24-hour protection (including air-travel) from \$10,000 to \$250,000 coverage, is more than a mere supplement to your line. It may well prove to be a new king pin for you.

We predict that Holland-America's Executive Accident Policy will be not only a door opener but an eye opener for you. Even a quick reading of the policy will reveal a number of surprising features... you'll find many liberal benefits and provisions, which already have established a well-proved record in arousing executive interest and sales.

FOR ONLY \$5.00 A MONTH...

See how inexpensive it is. For example, for only \$60.00 annual premium* you can offer the following protection:

\$25,000 Death	\$375 Monthly Indemnity (Up to 24 consecutive months) for temporary total disablement
50,000 Dismemberment	
50,000 Permanent Total Disablement	

*Class A risk, and subject to policy conditions

Agency appointments are now being made in the states in which the Holland-America Insurance Company is licensed. May we send you without obligation a sample policy and available literature? Just a note on your letterhead will bring a reply by return mail.

Holland-America

INSURANCE COMPANY

1013 CENTRAL • KANSAS CITY 5, MISSOURI • PHONE BALTIMORE 1-3216

Smith Retiring at Norwich Union, Is Succeeded by Kidd

**J. M. Hutch Is Advanced
to Deputy U. S. Manager;
Schmid, Neilan Promoted**

Everard P. Smith is retiring as U. S. manager of Norwich Union and president of Eagle Fire of New York at year end, after serving the group for 35 years. He is succeeded by J. M.



J. M. Kidd



Everard P. Smith

Kidd. Mr. Smith will continue as a director.

Mr. Smith has had a distinguished career in the fire business. He has served on the executive committee of National Board and on other important committees in the fire field.

Mr. Kidd was born and educated in Scotland and served with the company in Britain, Belgium, Italy and Rumania before coming to the U. S. 11 years ago. He is an American citizen.

J. M. Hutch has been advanced from assistant to deputy U. S. manager of Norwich Union and vice-president and secretary of Eagle Fire. He joined the group as an underwriter in 1928 and after some years in the field returned to the head office in 1947 to assume executive rank.

Henry G. Schmid, casualty superintendent, and J. A. Neilan, agency superintendent, are advanced to assistant secretaries.

Eagle Fire is marking its 150th anniversary this year.

Iowa Insurer Raises Auto Rates Above National Bureau

The Iowa department has approved a substantial rate increase on private passenger automobiles for United Fire & Casualty of Cedar Rapids, an independent stock company.

Bodily injury liability rates were increased by 25%, property damage liability 15% and comprehensive 25%. The approval of these rates places the rate level of the company above that of the National Bureau and National Automobile Underwriters Assn. in Iowa.

The filing was supported by the substantial losses the company has suffered in the private passenger automobile business this year. It is expected that other companies will follow the lead of United F. & C. and file for higher auto rates in Iowa.

More States Okay Mutual UM Cover

The uninsured motorists endorsement program recently announced by Mutual Insurance Rating Bureau has been approved, effective Dec. 26, in 33 states. The program became effective Dec. 12 in Louisiana, New Hampshire and Virginia.

The coverage is effective Dec. 26 in Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Indiana, Iowa, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin and Wyoming.

The coverage is pending in six states. In New York a revision of the bureau's present uninsured motorists form, which has been available since Oct. 5, 1955, is expected in the near future.

C. T. Ray Retires after 37 Years at W. Va. Bureau

Charles T. Ray, assistant manager of West Virginia Inspection Bureau, is retiring after more than 37 years with the bureau.

Mr. Ray's entire insurance career has been with the bureau, starting as an inspector in 1919. Supervision of office procedures became his specialty and he assumed his present position in 1950.

Home Takes over McDaniel & Co., N. Y.

Home has acquired the McDaniel agency at 15 Gold street, New York.

A majority of the present personnel of the agency will be merged with the staff of Home. The operations of McDaniel will be continued at 15 Gold street for a few months, or until the personnel and business of the agency can be merged into the metropolitan department of Home at 59 Maiden Lane.

Tex. Board Vetoes Graduated Rates, Issue Goes to Court

AUSTIN—Graduated rates on dwelling risks in Texas, filed as deviations by six companies, will remain in effect pending trial of the case on its merits, according to an order signed Dec. 19 by Judge Betts of judicial district court here.

Just two days earlier the Texas board of insurance commissioners had unexpectedly reversed its official approval of the new rating plan and rejected all of the identical filings. This order was suspended by Judge Betts, who also decreed that the plaintiff companies would be entitled to continue writing dwelling business at the deviated rates.

Recourse to the courts was taken by the following companies in a joint appeal from the department action: Southwest General of Dallas, the first of seven companies to file the deviation; London Assurance, Manhattan F. & M.; Birmingham Fire of Alabama; Maine Bonding, and Houston-American. The seventh company, Vigilant of the Chubb & Son group, did not join in the action.

Last week's order of the department was issued on a split vote of two to one, which came about when J. Byron Saunders, chairman, who previously had favored the new rating program, joined with Commissioner Morris Brownlee in rejecting the deviations. Commissioner Mark Wentz has been consistently in favor of the plan.

The board's order held in part that the "filings would result in the charging of rates which are not uniformly applicable to all risks of the same character situated in the same community" and that they set up classifications of risks "on bases at variance with classifications established by the board."

Meanwhile another chapter was added to the highly controversial issue with release by Cravens, Dargan & Co., insurance management firm of Houston, of a statement approving the general principle of graduated rating but urging that it be made effective through orders and under supervision of the commissioners. The firm expressed the hope that the industry would reconcile its differences of opinion but declared that the commissioners should make the decision if the companies fail to reach an agreement.

Kansas City F. & M. Elects W. F. Seitz V-P

William F. Seitz, assistant underwriting manager of Kansas City Fire & Marine, was elected a vice-president at a meeting of the board. Mr. Seitz, who came to the company earlier in the year, was formerly a vice-president of Houston Fire & Casualty.

At the same board meeting, the directors declared the usual semi-annual dividend of 62½¢ a share payable on December 28th to stockholders of record at the close of business on December 20th.

NAIA Executive Committee Meets in Alabama

**Hear Favorable Report on
Ad Proposal; Smith
Gets Education Post**

Members of National Assn. of Insurance Agents are enthusiastic about the idea of contributing a portion of their commission income to a national advertising and public relations effort, Alan H. Miller of Hackensack, N. J., chairman of the NAIA advertising committee, reported to the executive committee at its meeting in Point Clear, Ala. Mr. Miller said agents were uniformly eager and anxious to take steps to promote their independent local agent status.

Typical comments included: "We'd be delighted to contribute," "Good idea," "Yes, we are definitely interested," "We are vitally interested in the possibilities of such a program," and "Our hope is that you will attempt to eliminate red tape and start on the program as soon as possible."

Naturally, he said, the advertising committee is encouraged to continue with its exploration of suitable advertising and public relations plans for submission to National Board of State Directors at its midyear meeting in Denver, April 28-May 1.

Mr. Miller has been in touch with more than a score of major advertising agencies. Several presentations, containing suggested ways of conducting the advertising and public relations program for the NAIA as it has been tentatively outlined, already have been received, with the others expected shortly. The committee has conferred with company organizations, with encouragement for a major national advertising effort.

The new insignia developed to promote the independent agent is in great demand with a deluge of orders for the promotional item that are being made available, such as cuts, mats, decals, posters, policy stickers and the like. Insurers which have been offered the new insignia to promote through their national advertising have been extremely cooperative, Mr. Miller said, and have indicated their desire to tie in with this promotional effort in the interest of the agency system.

Executive committeemen attending the meeting were Louie E. Woodbury, Jr., Wilmington, N. C., chairman and vice-president of NAIA, President Robert E. Battles of Los Angeles, Porter Ellis of Dallas, Paul H. Jones of Tucson, Archie M. Slawsky, of Nashua, N. H., Maurice J. Hartson Jr. of New Orleans, Dave R. McKown of Oklahoma City and Morton V. V. White of Allentown, Pa. George S. Hanson, general counsel and executive secretary.

(CONTINUED ON PAGE 25)

Highlights of the Week's News

REINSURANCE REVIEW	Pages 8-18
American elects five officers	Page 18
McGinnis retiring as executive of Central Surety	Page 20
Battershill retires, Brandt takes over at Swiss Re	Page 4
Prior to retire, new Sun officials named	Page 4
National Fire elects Tuchbreiter and Smith to top board posts	Page 28
R. W. Harvey to head casualty operations of National Fire	Page 28
Norton Simon new president of Security-Connecticut	Page 5
John Osorio to succeed Saunders on Texas board	Page 2
Superintendent Holz continues hearing on North America filing	Page 3

John Osorio to Succeed Saunders on Texas Board

AUSTIN—John Osorio, an attorney and executive secretary in the office of Gov. Shivers, will be appointed a member of the Texas board of insurance commissioners to replace J. Byron Saunders, chairman, as of Jan. 1,

according to an announcement last week by Gov. Shivers. Mr. Saunders has resigned from the board to become vice-president and general counsel of Republic National Life of Dallas.

Mr. Osorio, a 1949 graduate in law at the University of Texas, went into state government service that year, first as a legal examiner for Texas real estate commission and then as assistant to the secretary of state. In 1951 he joined Gov. Shivers' staff as

special legislative advisor and assistant executive secretary, with his duties including the drafting of bills for the administration program and serving as chief liaison officer with other state agencies and departments. Specifically, Mr. Osorio worked with legislative committees in drafting the remedial insurance laws adopted by the 1955 legislature.

The fact that Mr. Osorio is replacing Mr. Saunders, who holds the board chairmanship, does not necessarily mean that he will become its chairman, as the board itself now chooses its presiding officer. The appointment will be subject to senate confirmation at the session beginning Jan. 8, just one week before Gov. Shivers in turn will be succeeded by Gov.-elect Price Daniel, now a U. S. Senator. Approval of the appointment by the senate is indicated.

N. C. Denies Rate Increase for Surgeons Malpractice Cover

North Carolina department has refused to grant a 7.4% increase in rates on surgeons malpractice liability cover sought by National Bureau of Casualty Underwriters. Commissioner Gold commented that the experience failed to reflect a 50% increase allowed in 1954.

Fralick Heads Milwaukee Casualty Managers Council

MILWAUKEE—Willard Fralick, Hartford Accident, has been elected president of Milwaukee Casualty Insurance Managers Council. Elmer Ziegler, Employers Mutuals of Wausau, is vice-president, and Ray Watry, U.S.F.&G., secretary-treasurer.

Commissioner Gold of N. C., at the request of the North Carolina Rate Administrative Office, postponed until January 9 a public hearing on the family protection policy (National Bureau's uninsured motorist cover).

Hearing This Week on Difficulties of Mo. Reciprocal

JEFFERSON CITY—Cole County Circuit Judge Blair is conducting hearings this week on two suits filed by Superintendent Leggett of Missouri on December 19 against two affiliates of International Underwriters Inc., attorney-in-fact for International Indemnity Exchange of Kansas City, which has been temporarily enjoined from further transaction of business pending the outcome of an investigation of its affairs by the insurance department.

One of the two new suits filed in the circuit court was directed against American Service Life of Kansas City, the petition seeking to have it enjoined from transacting further business pending an outcome of an investigation of its financial status by the department, while the second seeks dissolution of American Mutual Casualty of Kansas City.

Mr. Leggett said the purpose of the suit against American Service Life was to permit the department to take it over for rehabilitation. American Mutual Casualty has not been actively engaged in business since 1954 and presently has no policyholders.

Investigation by department examiners into the affairs of International Indemnity Exchange and International Underwriters Inc. disclosed that the latter is the owner of all the stock of the American Service Life, which was organized in St. Louis in 1952 and later moved to Kansas City. International Underwriters Inc. also holds a contract to manage American Mutual Casualty.

Mr. Leggett said he had been notified that bankruptcy proceedings had been instituted against International Underwriters Inc. on Dec. 17 by creditors of that concern.

Casualty Group Offers Traffic Safety Letter

The accident prevention department of Assn. of Casualty & Surety Companies has introduced a quarterly newsletter service designed to provide detailed technical coverage of timely traffic safety developments and problems.

The initial issue contains a complete analysis of uniform stopping distance charts, a discussion of the need for such aids, and a full report of progress toward establishing them. The following quarterly newsletters scheduled to appear during the first year will concern the speed problem, the relationship of drinking to driving, and the purpose and results of Cornell university's auto crash-injury research project.

Titled *Technical Traffic Topics*, the new service and its newsletter is available without charge to individuals and groups interested in traffic safety matters.

For subscription information write the association at 60 John street, New York 38.

Award Two Cal. Bonds

LOS ANGELES—California department of public works has awarded these contracts:

Madonna Construction Co., San Luis Obispo, for 3.1 miles of highway construction in San Luis Obispo county at a price of \$1,116,474. United Pacific is surety.

Ukropina-Polich-Kral Co., San Gabriel, Cal., for construction of 1.9 miles of freeway, pumping plant, overcrossing, retaining walls and one bridge in Los Angeles county, at a price of \$2,423,496. Maryland Casualty is surety.

SWISS REINSURANCE COMPANY

OF ZURICH, SWITZERLAND

Organized 1863

REINSURANCE

United States Manager
J. K. BATTERSHILL INC.

161 East 42nd Street
New York 17, New York

UNITED STATES BRANCH, ESTABLISHED 1910

"STANDS A SEA-MARK IN THE TIDES OF TIME"

Algernon Charles Swinburne



The
Old Colony embarks on
its second half-century, confident that the future will be sound because it is based on a history of distinguished, reliable service to the insuring public through the American Agency System.

OLD COLONY INSURANCE COMPANY

A MEMBER OF THE BOSTON INSURANCE GROUP
87 KILBY STREET



BOSTON 2, MASS.

Holz Continues Hearing, Asks Fire & EC Data

NEW YORK—After receiving testimony from Chief Actuary L. H. Longley-Cook of North America and H. Sumner Stanley of Factory Insurance Association, former general manager of New York Fire Insurance Rating Organization, Superintendent Leffert Holz closed another session of his hearing on the adequacy of North America's dwelling rates. The hearing will be convened after the first of the year.

North America maintains its independently filed rates are adequate. NYFIRO contends that based on past or projected expense, or loss, ratios, of a single insurer, they are not. The rates, said to be up to 10% off NYFIRO rates for certain classes of dwelling risks, are being challenged by the rating organization.

To aid in making a determination, Superintendent Holz requested NYFIRO furnish as evidence a breakdown of the fire and extended coverage experience on classes of dwelling risks.

Mr. Holz told both NYFIRO and North America that he is open to receiving all kinds of evidence. It is incumbent upon him to give data and testimony submitted proper weight in making his decision, he said.

Abraham Kaplan, NYFIRO counsel, warned that any redetermination of the factors employed in rate making would have the result of adjusting commissions, a power the superintendent does not possess. Mr. Kaplan had charged at an earlier session that certain expense items included in the North America filing, normally reported by state, were reported on a nationwide basis to give the over-all expense ratio a 2% to 5% decrease. He asserted that if reported on a state basis, in New York, these items would increase commission costs at least 2% to 5%. Mr. Kaplan further asserted that approval of North America's filing as rate adequacy would become reflected in lower commissions to all agents.

Mr. Longley-Cook put into the record data and arguments on North America's position. Among his points was the observation that it would be wrong to make New York policyholders bear the expenses of higher commissions and high taxes applicable to other states. National Board recommends the use of state and nationwide data in ratemaking in the manner employed by North America in its dwelling filing, he said.

The North America filing is not a

B. C. Adjusting Change

Underwriters Adjustment Bureau Ltd. has appointed R. M. Gosse assistant manager, John E. Barrell casualty manager and J. Raymond Ferguson senior fire adjuster of the bureau's Pacific division at Vancouver.

Mr. Gosse has had 20 years experience in adjusting in British Columbia and Ontario and has been manager of the fire department in the Pacific division. Mr. Barrell started with Northwest Casualty in 1937 in Hamilton. He has been casualty manager at Toronto. Mr. Ferguson was in insurance and real estate in Winnipeg before entering the adjusting field there in 1947. He joined the bureau in 1955.

Insurance Women of Green Bay, Wis., held a Christmas program featuring an exchange of gifts at the December meeting.

deviation from NYFIRO rates in a different guise, he said. It is a definite advance in practice by providing dwelling policyholders with a more straightforward and understandable policy form. It simplifies policy preparation and rating of the risk by the agent, reduces the number of endorsements which have to be used, and rates business by a scientific method which will develop more meaningful statistics than are presently available.

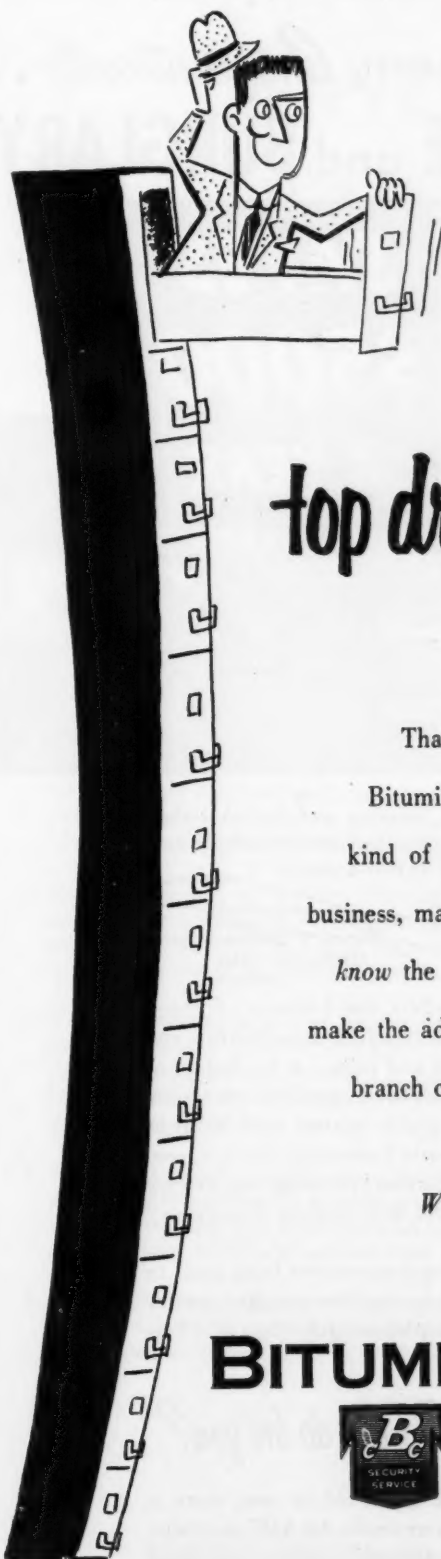
In the latter part of 1952 and in 1953, he stated, one company after another announced increased commis-

sion scales in New York and other states covered by Eastern Underwriters Assn. This naturally caused a decrease in the writing of North America and influenced its decision to make its dwelling filing.

Defending this action, Mr. Longley-Cook said that on dwelling business alone, some items of expense will be higher while others will be lower than for all classes of fire insurance. Considering carefully all items of expense, he said, other than commission, it was found that the gains due to simplicity,

in the case of North America, outweighed the losses due to smaller average premium.

He argued that study shows the average premium for North America dwelling policies in New York is almost identical to the North America national average, so any suggestion that loss adjustment or handling expenses should be higher than the national average cannot be justified. He reported that the average premium on dwelling policies now being written by North America in New York is higher than it was prior to the filing.



Is this somebody you?

top drawer attention

Are you getting top drawer attention on claims?

That's what you get when your insured has a claim with

Bituminous. Top drawer attention at top speed. The kind of attention that makes happy clients, breeds new business, makes renewals easy. Why? Because Bituminous adjusters know the coverage, know the answers, know they have the authority to make the adjustment right — and right now. Thirty-nine branch claim offices are ready to make good on our brag.

Get in with Bituminous and see.

Write today for the Bituminous story.

BITUMINOUS



CASUALTY CORPORATION

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY

ROCK ISLAND, ILLINOIS

Specialists in Workmen's Compensation

Battershill Retires and Brandli Takes Over at Swiss Re

J. K. Battershill, president of J. K. Battershill, Inc., which is the U. S. manager of Swiss Re, has decided for personal reasons to retire. He will resign as president and director of the management corporation as of Dec. 31, but he will continue to serve as a di-

rector of North American and North American Reassurance, member companies of the Swiss Re group in the U. S.

Ernest Brandli has been named to succeed Mr. Battershill as president of the management corporation, the name of which will be changed to Swiss Re Management Corp.

Mr. Battershill entered insurance with Underwriters Adjusting and served with Monarch Fire and Loyalty group before joining Swiss as branch secretary in 1938. He was appointed U. S. manager in 1946 and since then

has served as chief executive officer of the U. S. branch.

Mr. Brandli is also president of North American Re, and the reinsurance activities of Swiss Re group in the U. S., other than life, will in the future be coordinated under his leadership.

The auto liability security laws of Massachusetts and the Canadian provinces of New Brunswick and Newfoundland have just been published in pamphlet form by Assn. of Casualty & Surety companies.

Priore to Retire, Kearns, Parker to Top Sun Positions

Philip J. Priore, U. S. manager of Sun Office and chairman of Sun of New York, will retire Dec. 31 after 37 years with the group.

William K. Kearns, deputy manager and president, has been appointed general attorney of Sun Office and chairman of Sun of New York to succeed Mr. Priore.

G. Lycester Parker, assistant U. S. manager and vice-president, has been advanced to the post of U. S. manager of Sun Office and president of Sun of New York.

Oswald to Coast as Official of Pearl

Pearl-American group has transferred B. J. Oswald to San Francisco as associate Pacific coast manager, starting Jan. 1. He will be associated with David A. Barry, Pacific coast manager of Pearl and vice-president of Monarch.

Mr. Oswald joined Pearl in 1945 as underwriting secretary and advanced to assistant U. S. manager in 1952. He became assistant vice-president of Monarch in 1948, vice-president in 1952 and a director in 1954. He has served on the rating methods research committee of Eastern Underwriters Assn. and is presently on the public relations committees of National Board and EUA and on the dwelling rating committee of Multiple Peril Insurance Rating Organization.

General of Seattle Sets Up Department for Personal Lines

A new personal lines department has been created by General of Seattle group. It is designed to handle all personal lines of insurance other than automobile formerly handled in the fire, casualty and inland marine departments.

The personal lines department has been set up to provide agents with efficient and specialized service on personal accounts, and it will permit existing departments to give greater concentration in the commercial fields.

\$2 Million Loss in Department Store Blaze

Loss estimates, first reported at \$1 million, have been raised to nearly \$2 million in the fire that destroyed Goldblatt's department store in Chicago last week.

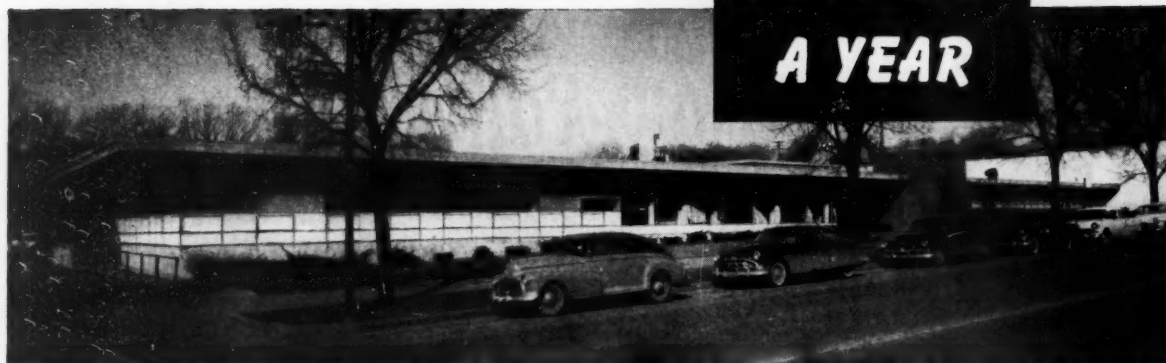
The store was rated as two buildings separated by a fire door, and the buildings were covered for \$423,000. The east building, where the fire originated, was a total loss and the west one suffered "communicated damage."

Content was insured with a monthly reporting-type coverage which fluctuates with the inventory. The Belmont avenue store, which is one of several Goldblatt establishments in Chicago, was reported to have had "adequate" business interruption coverage.

Betty Rose COATS AND SUITS
STERN-SLEGMAN-PRINS COMPANY, KANSAS CITY

protects its property *Automatically*...
gets better **FIRE** and **BURGLARY**
protection and

SAVES
\$5000
A YEAR



We use ADT Automatic Protection Services and feel that they safeguard our property more completely than other methods, and at lower cost. Estimated savings are \$5,000 a year.

Ferdinand Stern
FERDINAND STERN
President

Fire or burglary could seriously affect the business of Stern-Slegman-Prins Company. The uninterrupted manufacture and prompt delivery of Betty Rose coats and suits — at the height of the fashion season—is vital to the company's successful operation.

To obtain the best protection available against such hazards, the management chose ADT Automatic Protection Services, consisting of a combination of Central Station Sprinkler Supervisory and Waterflow Alarm, Burglar Alarm and Heating Supervisory Services.

Like Mr. Stern, thousands of business executives from coast to coast know that ADT Automatic Protection Services give greater security for property, profits and employees' jobs than is otherwise possible, and at less expense.

May we show you what ADT can do for you?

Whether your premises are large or small, old or new, there is an ADT Protection Service to meet your needs. An ADT specialist will show you how combinations of automatic services can guard your property. Call our local sales office if we are listed in your phone book; or write to our Executive Offices.

Visit the ADT Exhibit
BOOTH 1447

Plant Maintenance and
Engineering Show

Cleveland, Ohio, Jan. 28-31, 1957



Controlled Companies of

AMERICAN DISTRICT
TELEGRAPH COMPANY

A NATIONWIDE ORGANIZATION

Executive Office:

155 Sixth Ave., New York 13, N. Y.

Elect Norton Simon President of Security-Conn.

Norton Simon, Los Angeles manufacturer and financier, has been elected president of Security-Conn. companies, effective Jan. 1, to replace Peter J. Berry who is retiring.



Norton Simon

Executive Vice-President Edgar J. Doolittle Jr. will become chief executive officer and will be succeeded in his present capacity by Lester C. Layman of Los Angeles. The board, which made the appointment, also elected three directors: Theodore Weisman, Russell J. Miedel and J. C. Rathmann.

Mr. Simon, who from 1943 until recently was chairman of Hunt Foods Inc., is also chairman of the executive

He has been with the companies since 1931 when he joined to initiate Connecticut Indemnity as the casualty running mate. He is also a director of General Adjustment Bureau, Underwriters Salvage Co. of New York and First National Bank & Trust Co. of New Haven.

Stanford Miller, vice-president of Employers Re, will be guest speaker at the Jan. 3 meeting of St. Louis A&H Underwriters Assn. at the Kingsway hotel. His subject will be "Reinsurance—Its Contribution to the Agents' Welfare."

Leydon Secretary of Employers Group

Employers group has appoint J. Marshall Leydon secretary. He joined the group in 1950 as a member of the legal department. In 1952 he was appointed counsel for the companies, in which capacity he continues to serve.

Hartford County Mutual Fire will build its own three-story offices in Hartford. The structure will be steel frame and masonry, and will cost an estimated \$800,000.

Sterling Offices to Handle Guarantee

The management of the U. S. branch of Guarantee of North America is being transferred to Sterling Offices, New York.

William T. Wright will join the staff of Sterling Offices and will represent Guarantee as its U. S. reinsurance manager.

Insurance Women of Racine heard Urban Krier, assistant manager of U.S.F. & G. at Milwaukee, explain the family automobile policy at a dinner meeting.

HELPING AGENTS HELP THEMSELVES

A Progress Report

TO THE AMERICAN AGENCY SYSTEM FROM

The London Group

Nineteen Fifty-Six has been a year of exciting progress for The London Group—progress in home office and field operations and in developing new, forward-looking management principles.

It has been progress earned in the face of stern competition. It has been progress shared with thousands of local agents in every section of the country. As the old year ends, here are a few of the yardsticks by which we—and all representatives of the American Agency System—can measure our progress during 1956.



KENNETH J. BIDWELL
United States Manager
and President
The London Group

1. We have made The London Group a *true multiple-line* organization, equipped to provide across-the-board coverage in three outstanding companies.
2. We have increased our capacity to handle virtually any line offered these days. For a large retailing chain organization, for example, one of our companies is writing every unit in 36 states.
3. We are pioneering in writing special coverages to meet special needs. Our distinctive Errors and Omissions policy for example, provides a new form of protection not previously available to banking and lending institutions.
4. We have expanded our reinsurance facilities to the point where they can handle any contingencies. When you represent a member of The London Group, you no longer have to "peddle" unusual lines.
5. In spite of rapid expansion, we have increased the dollar assets behind every policy written by one of our member companies.

6. To give our agents speedier and more efficient service in the field, we have already opened the first in a projected network of regional and branch offices.

7. Home office efficiency has been increased through a move to larger quarters and the institution of new methods and procedures. (We will be able to do even better when we move into the new building in which we will occupy part of four floors beginning next Fall!)

8. Through new health plans and other benefits, we are strengthening our employee relations program to the point where it is becoming one of the finest in our field.

9. We are beginning to develop new, hard-hitting promotional materials designed to help our agents get—and hold—more business.

Nineteen Fifty-Six has been the first full year under the new management team that "took office" last Fall. In many ways, it has been a difficult year for all insurance company managements. It might have been considered a year in which to "sit tight," to consolidate gains, to delay instituting new management programs or procedures.

Much remains to be done. We are not content with the progress we have made to date. But we are pleased that, in such a difficult year, we have been able to move in the right direction—toward better service to the American Agency System upon which we depend so heavily. Our many agency friends also seem to think we are on the right track. For we are proud that we can say, as 1956 ebbs away, that the number of agencies representing The London Assurance, The Manhattan Fire & Marine and The Guarantee Insurance Company today is nearly double what it was a year ago.

If you are interested in representing a progressive, agency-minded group, why not write or call us today?

THE LONDON GROUP

THE LONDON ASSURANCE • MANHATTAN FIRE & MARINE INSURANCE COMPANY • GUARANTEE INSURANCE COMPANY

HOME OFFICE: 55 JOHN STREET, NEW YORK 38 (WORTH 4-6200)

CHOICE POSITIONS FOR THE NEW YEAR

Comp.-Liab. Und. Supv.—East	\$8,000
Casualty Actuary—East	13,000
Casualty State Agt.—Missouri	8,500
Casualty Sp. Agt.—Indiana	7,800
Fire Undr. Mgr.—Illinois	9,500
Safety Engineer—Illinois	6,500

Write for information . . . Large selection unlisted positions . . . and our method of operation . . . No obligation to register, many "no fee" positions available. All inquiries handled confidentially.

FERGASON PERSONNEL

330 S. Wells Street Chicago 6, Ill.
HARISON 7-9040
Business Brokers for Insurance Agencies

Ingram General Agency Merging With North British

The T. J. Ingram managing general agency at Lynchburg, Va., is being merged Jan. 1 with North British group. Under a merger-management agreement the Ingram office in Lynchburg will become the branch office of North British group in Virginia.

The merger of interests will give branch office service to all agents of the group, and the larger staff avail-

able will make possible more frequent service calls on agencies, including the services of a staff casualty adjuster and a staff engineer.

The present Virginia field office of North British group in the American building, Richmond, will become a multiple line service office. It will continue under supervision of State Agents S. C. Welch and J. R. Callan.

The Ingram general agency was established in 1898 by Thomas J. Ingram Sr. In 1918 T. J. Ingram Jr. entered the firm, became partner and assistant general agent in 1925 and general

agent on retirement of T. J. Ingram Sr. in 1948. He succeeded to ownership of the general agency in 1952. T. J. Ingram Jr. is national councilor of American Association of Managing General Agents, and is also chairman of the Lynchburg city planning commission.

Johnson to Texas Field

Eldo Johnson has been appointed state agent in southwest Texas by the North British group succeeding V. Roy Miller, resigned.

Fire, EC Losses in Brooklyn Pier Blast to Pass \$5.6 Million

Total fire and explosion losses in the Brooklyn waterfront pier blast Dec. 3 will total approximately \$5,688,876, according to New York Board's committee on losses and adjustments. (These exclude marine losses.)

The committee so far has received 496 assignments, including 18 major losses totaling \$5,282,820 with insurance of \$43,482,200. Of the aggregate assignments only 24 have been reported as fire claims where no attaching explosion on extended coverage endorsement was involved. The committee estimated that at least another 150 claims will be reported, but estimated that most will be under the present \$661 per claim average.

Sonin Joins Central Standard Indemnity as Agency Director

John E. Sonin has been appointed director of agencies for Central Standard Indemnity of Chicago, the affiliate of Central Standard Life.

Mr. Sonin began his insurance career with Continental Casualty. In 1950 he joined Reserve of Chicago where he progressed from chief underwriter to assistant secretary in charge of A&S. He joined the Fireman's Fund Indemnity in 1952 in the western department as superintendent of the A&S division, becoming sales director of the group disability department this year.

Mr. Sonin is president of Chicago A&H Assn.



John E. Sonin

Marsh & McLennan Names 12 New V-Ps

Marsh & McLennan has made a number of personnel promotions.

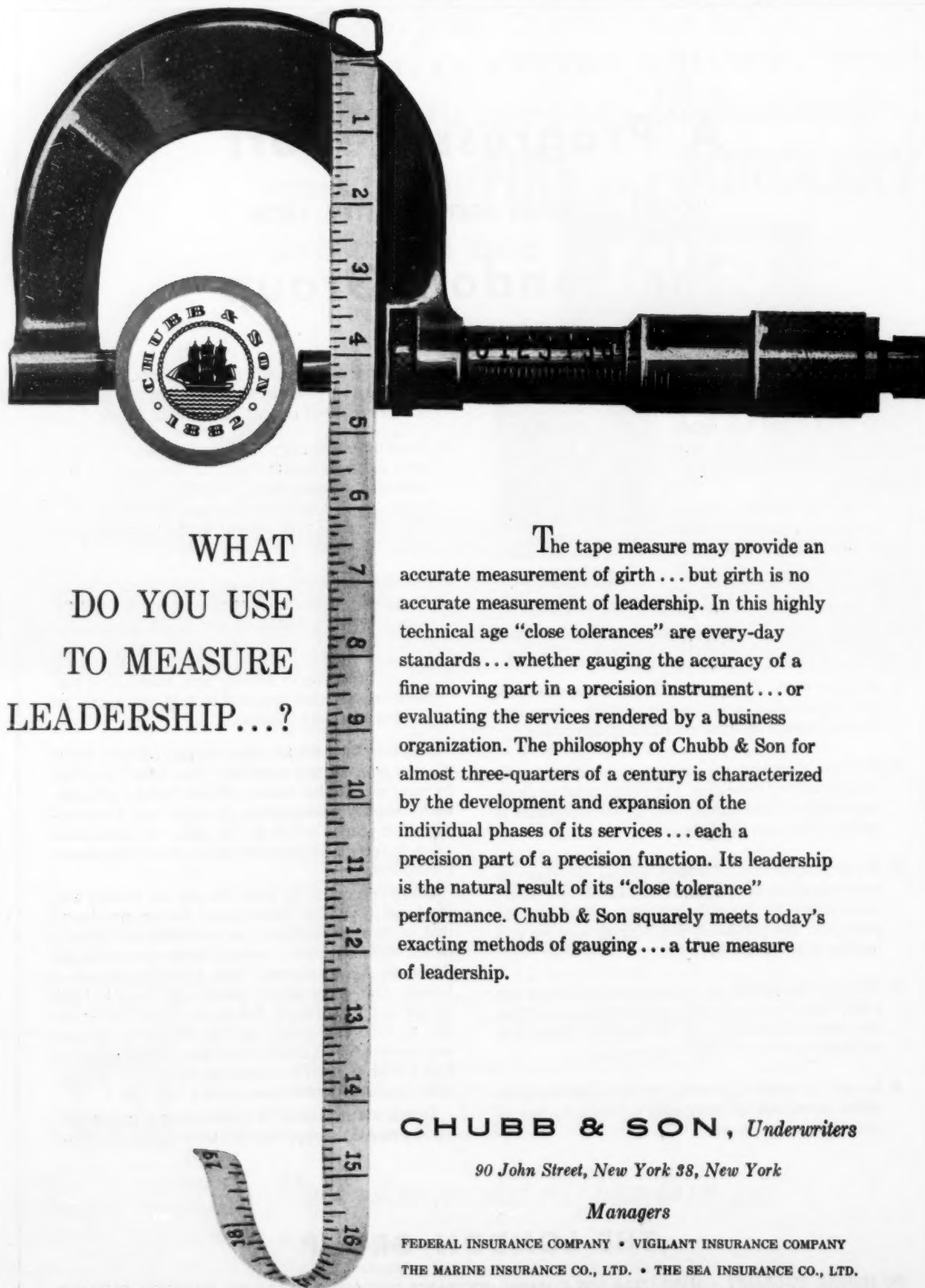
The following have been elected vice-president at the Chicago office: Richard K. Agnew, Robert N. Cary, John J. Flanagan, Howard F. Gillette, Ivan Ricks, John W. Seabury and Franklin L. Winship. New vice-presidents at New York are: H. Fletcher Eggert Jr., Henry J. L. Fortuin Jr., James F. Hayes, Paul W. Locke, Austin F. Price.

In addition, the following have been appointed assistant vice-president at Chicago: Charles W. Dugan, Robert P. Knight, Albert L. Lund Jr., Claude D. Meyers, Alton H. Mills, Harry M. Oliver Jr., Jack Stacey Jr., Haydn Stuessy. At New York the new assistant vice-presidents are James T. Leftwich III and Harry E. Quinby.

AUTO UNDERWRITING MGR.—Detroit. Large Stock Group. Heavy Auto volume. \$7,500.

A & H PRODUCTION & UNDERWRITING MGR.—Large General Agency; Buffalo, N. Y. Present volume about \$250,000. \$7-8,000.

Call or Write
ED BOYDEN
CADILLAC EMPLOYMENT AGENCY
220 South State St. Chicago, Ill.
WAbash 2-4800



WHAT
DO YOU USE
TO MEASURE
LEADERSHIP...?

The tape measure may provide an accurate measurement of girth... but girth is no accurate measurement of leadership. In this highly technical age "close tolerances" are every-day standards... whether gauging the accuracy of a fine moving part in a precision instrument... or evaluating the services rendered by a business organization. The philosophy of Chubb & Son for almost three-quarters of a century is characterized by the development and expansion of the individual phases of its services... each a precision part of a precision function. Its leadership is the natural result of its "close tolerance" performance. Chubb & Son squarely meets today's exacting methods of gauging... a true measure of leadership.

CHUBB & SON, Underwriters

90 John Street, New York 38, New York

Managers

FEDERAL INSURANCE COMPANY • VIGILANT INSURANCE COMPANY
THE MARINE INSURANCE CO., LTD. • THE SEA INSURANCE CO., LTD.
LONDON ASSURANCE (MARINE DEPT.) • ALLIANCE ASSURANCE CO., LTD.

Ocean and Inland Marine • Transportation • Fire and Automobile • Casualty • Surety • Fidelity
Aviation Insurance through Associated Aviation Underwriters

Continental Casualty Makes Four Promotions

Three new assistant vice presidents have been appointed by Continental Casualty—Walter Foody and Donald G. Heth (accident and health) and James M. Peterson (fire and liability). Promoted to assistant secretary was W. R. Barnes, who is in charge of retrospective rating.

Mr. Foody joined Continental as an actuarial clerk in 1950. He became chief actuary in 1952 and assistant to vice-president three years later.

D. G. Heth began his Continental career in 1949 in New York, becoming A&H branch manager for Los Angeles in 1953 and for New York in 1954. Two years later he was appointed east coast regional manager, returning to Chicago a few months ago as assistant to first vice-president Louis C. Morrell.

Mr. Peterson joined Continental in 1949 as an underwriting trainee for multiple lines, and was promoted assistant branch manager at San Francisco in 1953. He became Atlanta branch manager last year and returned to Chicago (casualty executive agency department) in October.

Mr. Barnes started with Continental in 1936 in the audit department. After three years war service he became an underwriter in the workmen's compensation department. Since 1952 he has been manager of retrospective rating.

Cleveland CPCUs Elect Comtois President

Joseph E. Comtois, local agent, has been elected president by Cleveland chapter of CPCU at their annual meeting.

Other officers who were elected are: Harold W. Early, vice-president; David Langner, secretary; and Daniel Volper, treasurer. Edwin Sealy, Richard D. Conway and Ivan Steiner Jr. were appointed directors. The meeting preceded the Cleveland All-Industry luncheon which was addressed by B. J. Daenzer, vice-president Security of New Haven.

N. Y. Auto Men Elect

J. Arthur Bantell, superintendent of the casualty department of London & Lancashire, was elected president of Automobile Underwriters Club of New York at its annual meeting there.

Fred C. Hoffman of Royal-Liverpool was named vice-president, Frank G. Haley of America Fore treasurer, and A. McHaffie of Home secretary.

Elect in Clermont County, O.

Clermont County (Ohio) Assn. of Insurance Agents has elected Donald Evans, Batavia, president. Mr. Evans, who has been secretary, succeeds W. H. Quinn, Owensville. The new secretary is Bauer Pride, Bethel. E. W. Lukie, New Richmond, appointed to the vice-presidency on the resignation of V. A. Hart, Loveland, was reelected to that office.

Yorkshire Promotes Two to Executives

Vincent J. Charte and Harry F. Joyce have been elected assistant treasurer and assistant secretary, respectively, of both Yorkshire and Seaboard F&M.

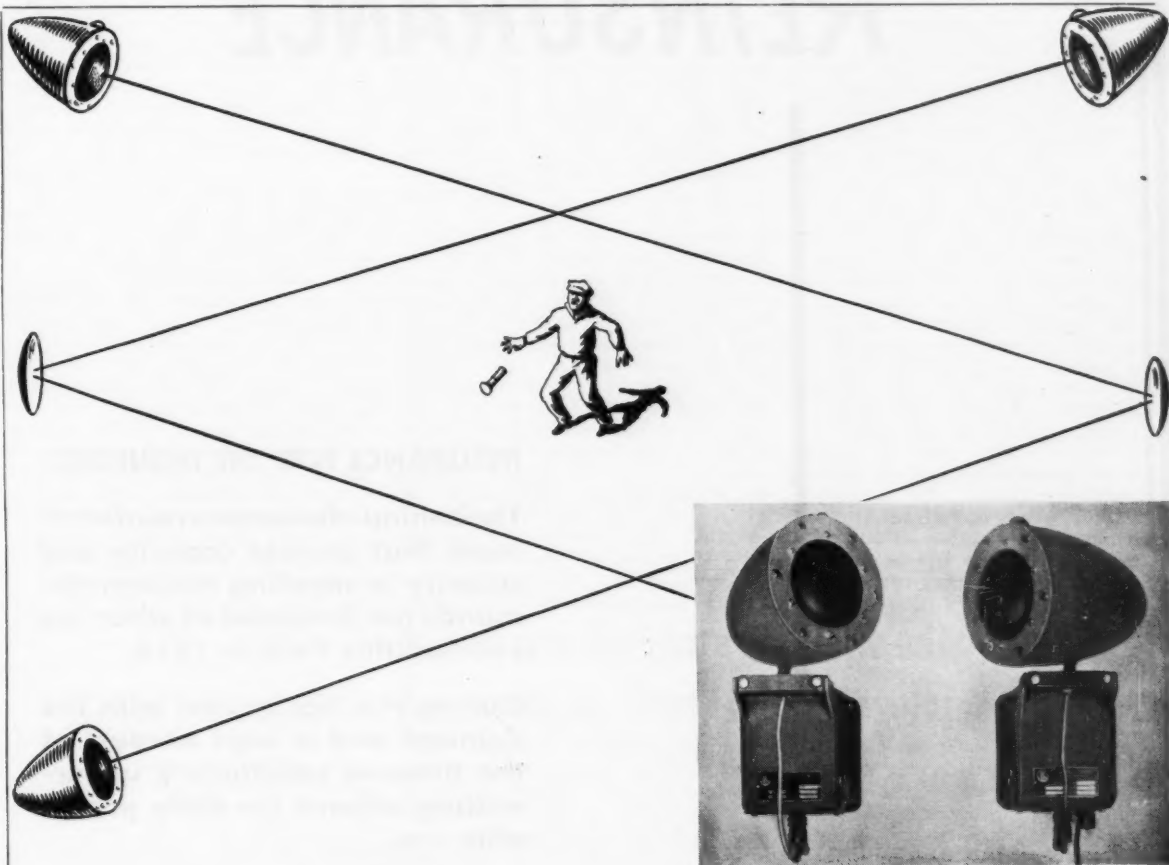
Mr. Charte was with Peat, Marwick, Mitchell & Co. before joining the group earlier this year. Mr. Joyce, formerly with London group, started with Yorkshire in 1943.

L. F. Hawley, president of Newhouse

& Hawley of Chicago, was the host last week at the annual Christmas party for employees of the agency. The party was in the Presidential suite of the Union League Club, and after dinner the employees saw the play "Damn Yankees."

GAB Opens Office at Geneva, N.Y.

General Adjustment Bureau has opened a branch at 32-42 Castle street, Geneva, N.Y. to serve Yates and Seneca and parts of Ontario and Wayne counties. John M. Finley has been appointed adjuster in charge. He joined the bureau in 1946.



NEW THIEF TRAP: INVISIBLE LIGHT!

The representative from

Cimarron

can help YOU sell MORE

MODERN FACILITIES

MODERN COVERAGES

Automobile

Fire

Inland Marine

Public Liability

Crop Hail

Burglary

Glass

Inquiries Invited

Cimarron Insurance Company, Inc.

Cimarron, Kansas

Here, at last, is real burglar protection for areas which previously were considered too spacious to protect effectively — or at reasonable cost. Its name — the Kidde Photo-Electric Burglar Alarm System. Here's how it works:

The system (pictured in the small photo) consists of a projector and a receiver — two cone-shaped units, 10½" long and 6½" in diameter.

The projector, equipped with a special filter, converts the light rays into an invisible beam of "Black" light, then transmits it to the receiver. Any interruption of this beam triggers an alarm instantly!

The system is tamper-proof. The "beam" is "modulated" — alternating at a set number of cycles per second. Any attempt to bypass the system by substituting an

other light beam disturbs the frequency and causes the alarm to sound! Cutting off the beam triggers the system.

Using transistors instead of vacuum tubes, the Kidde Photo-Electric system eliminates tube replacement problems and minimizes service worries.

With the Kidde system, no expensive, special wiring is required. It can be installed simply and easily by one man.

Each "beam" has an effective range of up to 900 ft., and through the use of mirrors can be "bent" to an angle of 90°. This makes the system ideal for guarding out-of-doors areas and large indoor spaces.

Underwriters' Laboratory approved, the system is moderately priced. For more information about Kidde "Invisible Light" protection, write Kidde today.

Walter Kidde & Company, Inc., 1244 Main St., Belleville 9, N.J.

Walter Kidde & Company of Canada Ltd., Montreal—Toronto

Kidde

REINSURANCE

INSURANCE FOR THE INSURERS.

The behind-the-scenes reinforcement that assures capacity and security in meeting modern demands not dreamed of when we entered this field in 1914.

Our service has grown with the demand and is kept abreast of the times—a satisfactory underwriting adjunct for daily profitable use.

EMPLOYERS REINSURANCE CORPORATION

KANSAS CITY, MISSOURI

21 West 10th St.

NEW YORK
107 William St.

CHICAGO
175 W. Jackson

SAN FRANCISCO
100 Bush St.

LOS ANGELES
1139 W. 6th

Re
year
nual
dicat
usua
happ
pen
some
and,
the b
The
food
insur
unde
beca
party
are i
divid
partl
more
high
ness
upwa
been
paral
insur

Wi
1956,
agem
contr
spect
mary
points
ance
and c
be ad
suran
of ab
ures
three
combi
Less
list o
mone
most
to re
Exp
lines
1947.
get th
decad
with
insur
gener
there
suran

The
doing
or tw
disma
too m
rates
of thi
more
from
in the
ing i
appre
or wo
assum
consid
newco
funds
again
ance
the ir
Prob
for th
come
and, c
This e

Most Reinsurers Lose on Fire, Gain on Casualty, Hope for Better 1957

By Kenneth O. Force

Reinsurance management at 1956 year end is inclined to regard the annual statement scoreboard as non-indicative, to a greater extent than usual, of what has happened, what is happening, and what is likely to happen in this field. The business is somewhere near the end of a cycle, and, as is usual, already is feeling the beginnings of the next, new phase. The figures themselves will not be as good as at the end of 1955. Those reinsurers which are able to show an underwriting gain will do so largely because of the liability lines. The first party, property coverages generally are in the red, though there are individual reinsurer exceptions, due partly to rising losses but due even more so, according to reinsurers, to higher commissions paid for the business as the result of competition. The upward pressure on commissions has been steady for several years, which parallels the situation among primary insurers.

With most reinsurers in the red for 1956, it may be that reinsurer managements will be firmer at the next contract negotiation period with respect to commissions paid the primary companies. As one observer points out, the professional reinsurance market, fire-wise, is in trouble, and commissions are going to have to be adjusted downward. Another reinsurance executive, looking over a list of about 20 reinsurers and their figures for nine months, noted that only three or four were under 100% for the combination of losses and expenses. Less than half a dozen of those on the list can afford to continue to lose money—and it is clear that they almost certainly will unless they begin to reduce commissions to insurers.

Experience of reinsurers on the fire lines is described as the worst since 1947. Fire reinsurers can hardly forget their experience in the preceding decade. During the 10 years ended with 1945 every professional fire reinsurer lost money in every year. The general hope and expectation—is that there will be no return to that reinsurance Sahara.

The reinsurers of course have been doing the same things in the last year or two or three that gave them their dismal decade. They have been paying too much for the business; commission rates have become unrealistic. Back of this has been the appearance of more reinsurance operating money, from abroad and at home. The increase in the number of reinsurer units asking insurers for business has been appreciable since 1950, and the amount of working capital available for the assumption of reinsurance risks is considerably larger because of the newcomers and enlarged operating funds of the older organizations. Here again the experience of the reinsurance business has paralleled that of the insurance business.

Probably most of the rise in losses for the physical damage lines has come from fires—more and more fires and, consequently, more large fires. This experience, plain to see, has hit

primary insurers across the board. A few insurers have had their good luck this year, but they are quite few, and most of them recognize the fortuitous nature of their experience.

Inland marine for most insurers and reinsurers is in the red. Reinsurers regard this as a minor line for size, but most "minor" lines have given reinsurers losses. Hail on growing crops had one of its worst years, and those reinsurers that take this business lost a respectable number of dollars on it.

Wind and hail storms in the mid-west in 1956 were not individually gigantic, but there were several of them, and they hit the extended cover and auto comprehensive hard. They helped put the reinsurers in the hole on dwellings. This is not so unusual as the fact that the auto PHD covers were hit as a result of these storms. These covers still are being written excess of a comparatively small retention—\$25,000 is not uncommon—though the rates did tend to go up after the big hurricanes in the east.

While A&S continues to be good, hospitalization was in the red for some reinsurers, and, of course, ocean marine has had a bad year. The collision of the *Andrea Doria* and the *Stockholm* was spectacular, but there have been other collisions, crashes and sinkings which hit the U. S. ocean marine market harder in proportion.

PACKAGE PROBLEMS

The combination of casualty coverages with fire in a package is causing the reinsurers more concern this year than before, and it is affecting the reinsurance process for both insurer and reinsurer rather more than was anticipated. The dwelling packages such as homeowners and comprehensive dwelling policy present some problems, but the commercial block, of more size and potential liability, is being studied quite closely by the underwriting executives of the reinsurance companies.

The dwelling package is the older of the multiperil combinations. At the outset, it appeared to reinsurers that they would get the homeowners for reinsurance on an excess basis, excess, say, of \$10,000, or \$20,000, or even \$30,000. The reinsurer then would pay its share of the loss whatever the peril. This seemed a simple and tidy procedure for the reinsurer except that no one had any notion what rate to charge for the reinsurance. Reinsurers went through some elaborate projections. One executive was reminded of how Mutt and Jeff computed the distance to the moon—they guessed one-fourth of the distance and multiplied it by four.

After the initial flurry, though a few companies did reinsure homeowners on the excess basis, most of

A survey of reinsurance results in Europe during 1956 by L. Tytens could not be carried in this issue owing to lack of space. Mr. Tytens' article will appear next week, together with some additional comments on direct insurer conditions in Germany as observed by Munich Re.

them except the quite large ones turned to first surplus. As a practical matter insurers have been putting the casualty covers in the dwelling package in casualty treaties. Comprehensive personal liability continues to be written excess of loss. In this way the reinsurance premium can be readily computed, one of the difficulties that becomes more complicated with the commercial block forms. The CDP and forms A and B, homeowners, are handled in this way but when the underwriters get to C they negotiate the premium.

While in some quarters, notably at the primary insurer and production level, the package policies continue to be pushed as modern, favorable developments which put zing into merchandising, many underwriters, both primary and reinsurance, are less enthusiastic than they used to be, if they ever were at all. The loss ratio on the dwelling packages is regarded as high for a comparatively new form sold for a term of years and therefore not subject to annual review and adjustment of rate. One factor is the commission paid by insurers. This was projected at 20%, but became 25% almost at the outset, and is now 30%

in many areas—for example, the 30% figure has just been introduced in the south. As one underwriter put it:

"Is it logical to put lines which individually are in the red into a package, cut the rate, and expect to make an underwriting profit?"

The dwelling packages are going to hit the insurers hard, he predicted. Because of the substantially larger dollar amount involved in the package premium, and because the package develops premiums that did not exist before, theoretically at least, reinsurers believe, agents should not need 30% to produce the business.

Commercial block now is being written in substantial volume, and in its various forms reinsurance underwriters regard it as potentially more dangerous because of the larger liability. With the commercial block—and the industrial policy of a similar nature for industrial and service risks that is in the immediate offing—underwriters point out that insurers are picking up risks that, without the package, they wouldn't write. For example, here is an open stock burglary risk that the insurer would refuse to write because of hazard, but the risk is picked up and written in the pack-

(CONTINUED ON PAGE 13)

Reinsurers Estimate 1956 Results and Comment on Trends and Developments

THE NATIONAL UNDERWRITER asked professional reinsurers in the United States to estimate their 1956 premiums and to comment, if they cared to, on the business and the trends and developments in it. The results of this inquiry are presented below. Not all the reinsurers prepared an estimate. It should be emphasized that the estimates are just that and nothing more; they are simply an indication, to point toward what the results will be for 1956.

Frank V. Wilcox, general manager of American Agricultural, estimates casualty reinsurance premiums at \$2,050,000, compared with \$2,172,247 in 1955. This is accounted for mainly by a rate reduction to member companies in 1956 and by a few companies raising their retentions, Mr. Wilcox states:

"There is little doubt that we are being exposed to more risks every day because of the tendency of primary companies to increase the liability limits of their policyholders. There is not much doubt there is considerable lag reflection of the current bad experience of the primary companies in the reinsurance companies. One of these days this lag will be felt with double-barreled effects by the reinsurer because of rapidly increasing liability limits coupled with inflation of claim costs and the severity and frequency of those claims that have already occurred but have not yet reached the reinsurers."

American Motorists estimates 1956 gross premium volume at \$1.1 million, compared with \$736,000 for 1955. John A. Arnold, vice-president, states:

"Reviewing our 1956 operations, we feel that the reinsurance market was

generally steady, with nominal rate increases generally prevalent. A review by account shows a general increase in premium writings.

J. P. Gibson Jr., president of American Mutual Re, estimates 1956 volume at \$10 million, compared to about \$8.5 million in 1955. He observes:

"Reinsurance premiums should be on the increase. Constantly larger limits are being required of casualty companies. Many of the small fire companies are trying to write the package policies in competition with their big brothers and this produces increased reinsurance premium volume.

"It is obvious that inflation is still with us, which means that losses are constantly on the increase dollarwise.

"At least to date, catastrophes of nature have been mild this year. Reinsurers, however, are entitled to an occasional good year so they can catch their breath for the really rough ones that we know will come.

"Primary writing companies have had a poor first six months in 1956 in both fire and casualty lines, but it looks like the last six months may possibly make the final figure for 1956 look better. In any event, the reinsurance companies should turn in a good year for 1956."

Christiania General estimates net premium volume for 1956 at \$1.2 million, compared with \$4,263,000 for 1955. Gross premium volume will be about \$8.5 million compared with \$8,036,750. Arne Fougner, president, observes: "The difference between the two figures is accounted for entirely by retrocessions. There are certainly important cross currents at play in the picture, which at the same time is governed by

(CONTINUED ON PAGE 14)

Spread Loss Has Particular Uses, Its Own Advantages, Disadvantages

by L. L. HANSELL
Secretary Prudential-
Skandia-Hudson Group

In the insurance business where the fortunes of individual companies are so vulnerable to changing world economic conditions, and where recent fast moving events within the industry have literally upset practices of many years' standing, it is of the utmost importance that the reinsurance program of primary writing companies be kept current and in line with each company's financial position and underwriting practices.

Role of Professional Reinsurer. The need for reinsurance is as old as the business itself and will continue to be needed so long as the business as it is conducted today exists. Professional reinsurance companies are charged with the responsibility of furnishing reinsurance facilities. They also have a distinct duty to perform in offering advice and counsel to direct writing companies in the matter of selecting the type of reinsurance best suited to the particular needs and circumstances involved. By reason of experience gained over years in dealing exclu-

sively in the reinsurance market and by coming in close contact with all types of reinsurance problems, they are in a position to be singularly well equipped to serve this very important function in the insurance industry.

Much has been written and said about the so-called spread loss type of reinsurance cover and comparisons are inevitably made between the relative merits of this type of protection and that of the more familiar and longer established pro-rata reinsurance arrangements.

Spread Loss Defined. The spread loss cover is frequently known by other names, principally, a burning cost cover, an underlying excess of loss, or a Carpenter plan cover. All of these designations relate, by and large, to the same type of cover.

The term "spread loss" is an obvious one, arising from the basic concept of leveling off the reinsured's large losses over a period of years, which is accomplished by means of the rating formula peculiar to this type of cover.

It is basically a form of low level excess cover which provides for a moderate indemnity in excess of a fixed retention, with a premium consideration based upon a rate determined in the light of the past experi-

ence of the company. It is usually written for a period of five years and is non-cancellable, except that in the event the minimum or maximum rate is reached, the reinsured or reinsurer respectively is given the privilege of cancelling. Unlike pro-rata reinsurance, the reinsurer does not contribute to the losses in the proportion that reinsurance is effected, but rather indemnifies the reinsured in respect of net excess liability for losses occurring during the term of the contract. In the event of termination there is no run-off of liability and the reinsurer's liability ceases.

Origin and Purposes. Just what is this type of reinsurance, whether it be known as a spread loss cover or a variety of other names, and how did this concept of reinsurance originate? It was conceived some 30 years ago, probably with the three-fold purpose in mind of (1) reducing the ever-worrisome item of expense ratio; (2) leveling off the reinsured's large losses over a period of years; and (3) enabling the company to retain more of its gross profits.

Some Popular Misconceptions. Let us consider, in further detail then, this somewhat controversial concept of re-

Mr. Hansell is prominent in insurance and reinsurance affairs. He is a secretary of Prudential of Great Britain, Skandia and Hudson. The three companies comprise one of the major reinsurance markets of the U.S., writing complete multiple lines in respect of all types reinsurance covers, including spread loss contracts with



L. L. Hansell

which the accompanying article deals. Consequently, Mr. Hansell writes authoritatively on this subject. J. A. Munro is president of the group and the executive offices are at 90 John street, New York City. Mr. Hansell was formerly assistant comptroller of Royal-Globe with which he was associated prior to 1952 when he joined Prudential-Skandia-Hudson as secretary.

insurance—the spread loss cover. Under what circumstances is it likely to be of benefit and what are some of its advantages and disadvantages as compared with other types of reinsurance? (CONTINUED ON PAGE 15)

MULTIPLE LINE ADMITTED REINSURERS

THE

PRUDENTIAL

INSURANCE COMPANY
OF GREAT BRITAIN

THE

SKANDIA

INSURANCE COMPANY

THE

HUDSON

INSURANCE COMPANY

J. A. MUNRO

90 JOHN STREET
NEW YORK 38, NEW YORK
WHITEHALL 3-9484

AMERICA'S OLDEST REINSURANCE GROUP

ESTABLISHED 1900

German Reinsurers Again Operate Worldwide After Rapid Recovery

(The comments which follow were prepared on request by the head of office in Western Germany of Munich Re. The company now has a U.S. branch with offices in New York. James Inzerillo is vice-president.)

Any insurance activity proper is based on the idea of spreading risks as widely as possible by including the greatest possible number of risks in the portfolio. Every insurer must therefore endeavor to obtain the best possible mixture of risks by underwriting the greatest possible number of policies and thus to build up a portfolio in accordance with the company's technical and financial capacity. Even direct insurers, in particular those operating in smallish countries, must therefore strive to extend their activities to foreign countries in order to insure that the risks will be balanced by the inclusion of foreign risks.

Therefore, even direct insurance, if properly managed, will necessarily be international.

This basic principle holds good to an even greater extent for reinsurance whose function it is to relieve the national direct insurers of the risks which exceed their technical and financial capacity. No reinsurance enterprise can achieve the necessary spread unless it takes and gives reinsurance cover beyond the frontiers of its own country and unless it groups together insurance portfolios of a great number of companies in a great number of countries. The development of world trade coupled with extensive industrialization creates ever increasing hazards and accumulations of risks. In these circumstances a portfolio within the technical and financial capacity of the reinsurer can be built up only if policies originating from many countries or from several continents are grouped together and balanced by way of reciprocal exchange. Reinsurance is necessarily worldwide.

Reinsurance activity transacted by special, "professional" reinsurance enterprises originated in Germany where it has been particularly furthered and developed. Cologne Re, founded in 1846, was the first such reinsurance enterprise. Munich Re, founded in 1880, was the largest reinsurance enterprise in the world until World War I. German reinsurers had been able to attain this position principally because of their long underwriting experience and by promoting the idea of insurance by through improvement of existing classes of insurance and the introduction of new ones. Also, they had capacity and adaptability. Credit and machinery insurance as well as other classes were introduced and organized in various countries by German reinsurers. Activity of German reinsurers in the U.S. date back to 1890 when Munich Re first transacted business in America.

World War I and the subsequent inflation of German currency resulted in severe losses for German reinsurers. By 1939, however, they had been able largely to recoup these losses.

World War II and the total breakdown of Germany and of German currency hit the international standing of German reinsurers even more severely. They lost their entire business abroad, even in neutral countries, as

well as their entire foreign assets. Pursuant to a control council law, all transactions abroad were prohibited German reinsurers. They were not allowed to grant foreign companies reinsurance nor to accept it from time.

It was not until the currency reform in 1948 and after recovery of the right to operate abroad in 1950-51 that German reinsurers were able to begin reconstruction. They realized that many conditions had changed since pre-war

times. In a number of countries where German reinsurance had concentrated for historical reasons insurance had been nationalized. This was more or less true of all countries behind the iron curtain, including Yugoslavia.

In other European countries the gap arising from the temporary absence of German reinsurance had been filled by national companies—some of them founded for this purpose—or by competitive enterprises. The additional demands for reinsurance protection resulting from the increase in values in-

(CONTINUED ON NEXT PAGE)

NORTH AMERICAN CASUALTY AND SURETY REINSURANCE CORPORATION

161 EAST FORTY-SECOND STREET
NEW YORK 17, N. Y.

Metropolitan Fire Assurance Company



REINSURANCE EXCLUSIVELY

FIRE AND ALLIED CLASSES

Administrative Offices

33 LEWIS STREET

HARTFORD 3, CONN.

J. B. CARVALHO, President

NORTHEASTERN INSURANCE COMPANY OF HARTFORD 1904 — 1956

IN OUR FIFTY-THIRD YEAR OF EXPERIENCED
SERVICE TO DIRECT WRITING COMPANIES
IN THE EXCLUSIVE PRACTICE OF
REINSURANCE

FIRE AND ALLIED LINES
INLAND AND OCEAN MARINE
AUTOMOBILE AND HAIL

242 TRUMBULL STREET
HARTFORD, CONNECTICUT

sured in the first few years after the war had been largely met before German reinsurers were able to reenter the international reinsurance market in 1951.

In spite of these difficulties, German reinsurers have succeeded not only in maintaining and developing their position in the German market but also in reentering foreign markets. Despite all material losses and despite war and post-war difficulties, the reputation standing of German reinsurers have not suffered. They had never disappointed the confidence placed in them, nor failed to meet their liabilities. In addition, the German mark had strengthened, German economy had developed favorably and Germany's international situation had improved. Today German reinsurers are again operating in all continents and have been able on the whole to regain their pre-war level.

At first, the experience after 1948 was unsatisfactory, partly as German reinsurers were not able to spread their risks as they should because they were compulsorily insulated from the rest of the world. The years 1948-50 brought considerable losses in important branches, fire, third party liability, windstorm and hail. Since 1951, the results for all branches have been satisfactory and German reinsurance companies have thus been able to increase their insurance and reserve funds. This increase in reserves was necessary to enable the companies to counter major losses, accumulations of risks and fluctuations in business results, which cannot be anticipated nor paid solely out of the annual yield. The development of world trade coupled with extensive industrialization creates ever increasing individual hazards and accumulations of risks and this increases the possibility of catastrophic losses.

By about 1955, seven years after the introduction of the deutsche mark and four years after the resumption of business abroad, German reinsurance had again reached a volume of business which by far exceeds the figures of the last pre-war year, 1938. For example, Munich Re's premium income in 1914 amounted to 204 million gold marks, in 1938 it increased to 200 million reichsmarks and in 1955 it reached about 383 million deutsche marks. Ever allowing for the fall in the purchasing power of the German currency—a fall which is found in nearly all countries—the pre-war volume has again been attained.

The experience of other professional German reinsurers is similar. The total premium income of German professional reinsurers was approximate-

What Attitude of Insurer Should Be Toward Reinsurer

Dudley W. Orr, president of Peerless, wrote the following comments on "Trust Confidence and Reinsurance" for his company's publication. The observations are so pertinent they are presented here.

Public confidence is the foundation of any successful insurance business. This basic fact is sometimes overlooked in the scramble for business and the struggle to make a profit. But it cannot be ignored for long. To do so is to invite disaster. We have said that Peerless wants to be known by the promises it keeps. A good reputation is our most precious asset.

One way to injure the good name of the company is to abuse our reinsurance facilities without meaning to do so. There is confusion about reinsurance in some minds; I want to state the policy of Peerless with respect to reinsurance so clearly that there will be no doubt in the mind of any Peerless employee about what his duty to reinsurers is.

The administration of a reinsurance treaty by the primary producer should be a fiduciary responsibility. This fact is sometimes obscured by the contractual form of a reinsurance treaty. Generally speaking, the parties to a contract are supposed to look out for themselves. They are free to pursue their own interest within the letter and spirit of the contract; they do not owe that obligation of utmost good faith, *uberissima fides*, which a trustee owes to his beneficiary.

In a very real sense the reinsurer puts himself in the hands of primary company. They are partners. The primary company is the managing partner. It is a trustee for the reinsurer.

It should be cause for shame, rather than gratification, if the reinsurer's experience is worse than that of the primary company. Just as a trustee cannot make a profit from his trust, so a primary company should see to it that there is no selection of risk for the reinsurer different from that of the company, and no acceptance of a risk merely to earn a commission.

Resolve the doubts against yourself and you will find that whatever gain you may so give up will be returned to you a hundred fold.

ly 600 million DM in 1955; in 1956 it is expected to exceed 700 million DM. An average of 25-30% thereof will probably come from foreign countries. Therefore, German reinsurance may consider its reconstruction completed.



ON INDEPENDENCE SQUARE

Booth, Potter, Seal & Co.

Public Ledger Building

Philadelphia 6, Pa.

REINSURANCE

Reinsurers Hope for Better 1957

(CONTINUED FROM PAGE 9)

age. Or it might be a second hand clothing store.

Another aspect of a new, broader form such as the packages is the development of claims as insured learn that losses are covered. The business went through this with extended coverage. The loss experience with comprehensive personal liability was particularly illustrative of this point. The ratio climbed and climbed as more and more persons discovered more and more situations that were covered. A claim climate gradually was established in which outer limits of the coverage were explored and tested. This is proper from insured's point of view, but is a phenomenon which underwriters realize they ought to take into account in devising a new form and must allow for in rating it.

The chief practical problem of packages for the reinsurer is rating. Reinsurance underwriters recognize that experience under the package is going to be somewhat different than under the individual lines, but there is no experience, or so little it is not clearly indicative. They realize that under these circumstances that almost any figure they decide upon is going to be wrong, after the facts are in. They are quite certain they are getting risks which previously would not have been taken by their insurers. Consequently, they believe they will get losses that previously they could reasonably expect not to get.

As was the case with homeowners, in this, the early stages of commercial block, insurers are buying excess of loss coverage.

One problem of the packages is that the primary insurer does not know quite how to handle the "strange" elements. The fire company that gets into casualty, even to the limited extent of the CPL, does not always know how to deal with the new—to it—coverage. The fire company that gets its first \$300,000 suit under CPL is likely to be pretty much upset, not knowing that the claimant is really looking for \$2,500. Yet the claim can cost a good deal more than \$2,500 if it is improperly handled. On the other hand, a casualty company historically geared to discount by large factors the air in third party claims may have its own difficulties when it gets 1,500 property losses out of one tornado or hurricane.

There is thus a vast education process going on throughout the insurance business. What the reinsurers hope is that the insurers and they themselves will not have to pay too much for it. One phase of this education is illustrated by the experience of an insurer which had to place one officer in charge of reinsurance, a new post, because it was the only way for top officers to get an executive view of the situation and the direction in which the company was going. Previously each department of the company had purchased reinsurance for its own bailiwick. Today liability and costs of reinsurance are scattered over several divisions.

CASUALTY COMMENTS

Casualty lines, particularly liability and especially the automobile business, will be all right for many insurers as of the chop-off date of Dec. 31. However, reinsurers are not too certain they know and can report their true position because they don't know how many 1956 losses are unreported

to them. Reinsurers of course set up reserves for such losses, but they cannot be certain they have set up enough, especially in a period, such as this one, when inflation is pushing a little harder, verdicts have gone up, and accidents are increasing.

Even workmen's compensation is a little in the black, though reinsurers long since have given up thinking at all kindly of this line. The reason for their attitude remains the same: The medical liability is open ended; the insurer (and reinsurer back of it) must remain in the dark as to what premium to charge for costs which may have to be delivered 10 or 20 years from now. This is a serious problem which has concerned the reinsurers for a long time. They would be glad to be rid of the WC risk, but this is not likely to occur because they must share the fortunes of their insurers. Perhaps the business can devise an answer, or a partial answer.

Now that the medical cost index is a part of the over-all cost of living index produced by Bureau of Labor Statistics, would it be possible to determine by what percent medical costs rise over the years and relate the percentage to WC benefits and premiums? The medical cost index is about 10 years old. If a realistic figure could be determined, is there any reason why it could not become a reasonably precise element in WC rate making?

The contract bond business will show an underwriting loss for most reinsurers this year, though the bonding business over-all may be barely black for some of them.

TURNING POINT?

All is not gloom in reinsurance. Insurers have been getting some rate
(CONTINUED ON NEXT PAGE)

Bringing Stability to Your REINSURANCE

Insurance Company of North America is one of the nation's leading markets for reinsurance, as well as the oldest stock fire and marine insurance company in America. Its leadership is the result of its financial capacity, its experience in the field and its safety and strength based upon its diversity of interests.

Among the many advantages to you inherent in dealing with North America is the company's stability, made possible by its world-wide multiple line operation. This in turn reinforces the multiple line operations of the company reinsured.

We invite you to discuss your reinsurance requirements with us. Write or telephone our Reinsurance Department. If you use the services of a Reinsurance Broker, ask him to get in touch with us.



Protect what you have

REINSURANCE DEPARTMENT

INSURANCE COMPANY OF

NORTH AMERICA COMPANIES

Insurance Company of North America

Indemnity Insurance Company of North America

Philadelphia Fire and Marine Insurance Company

Philadelphia 1, Pa.

Rittenhouse 6-7900

U. S. & FOREIGN MANAGEMENT, LTD.

99 JOHN STREET

NEW YORK 38, N. Y.

REINSURANCE INTERMEDIARIES

U. S. & FOREIGN MANAGEMENT, INC.

533 N. ATLANTIC AVENUE

DAYTONA BEACH, FLORIDA

CROP HAIL INSURANCE MANAGERS

U. S. A. and CANADA

F. W. CLARKE, JR., Chairman and President

(CONTINUED FROM PRECEDING PAGE) increases in automobile liability, which will be felt in 1957. There is some reason to believe that automobile accident frequency is up but that severity has not paced the frequency in rise. If this is so, reinsurers may be closer to the facts in respect to reserves for unreported losses than they fear they might be.

This could be a much more accurate assessment of their situation than would have been true a few years ago because reinsurers have gotten into the habit of keeping in much closer

touch with the losses of their insurers than they used to. They are auditing reports from primary insurers. These audits late in the year showed more losses in auto BI and other liability lines but not more of a severe nature. If reinsurers don't have to set up case reserves in 1957 for injuries sustained in accidents that occurred in 1957, they have a chance for a decent year, next.

The tightening, firmer attitude toward commissions paid insurers is noticeable, along with a hardening of underwriting. This could be the "turn-

ing" year with respect to this phase of reinsurance operations. Hail should be better. Primary insurers took a much firmer stand during the year on inland marine lines that were giving them trouble. The wind blows when it blows so that there are no predictions in that area. But catastrophe covers were not hit badly during 1956, up to Dec. 20, and at least the reinsurers, which buy catastrophe cover along with insurers, face 1957 with

one fairly good year under their belts.

There ought to be more fire rate increases next year, though the business is not too sanguine that there will be, and reinsurers point out that because most fire lines are written for a term it takes a long time for fire rates to transmute into dollars for the insurers. However, on present evidence, fire rates, which have been declining for years, are going to have to start up soon.

Reinsurers Comment on Business Trends

(CONTINUED FROM PAGE 9)

very considerable and quite keen competition, coupled with results which leave little to be desired and even less to justify that very same competition."

Vincent S. McKerrow, vice-president of Continental Casualty writes:

"We estimate a volume of net written reinsurance assumed writings processed through our reinsurance division of 1956 to be in excess of \$12 million. (The estimate for 1955 was \$8,100,000 net written reinsurance premiums.)

"This year so far has been one free from any widespread hurricane or wind catastrophe and reinsurers generally can expect a fair margin of profit on this class, a relief after the two previous disastrous years.

"Unfortunately following the adverse experience in general fire business, losses on surplus and participating reinsurance treaties are now apparent in many cases, tending to offset profit in the catastrophe wind and tornado business.

"In the casualty field experience on direct business appears to continue to worsen, but it is too early to foresee just what effect this trend is likely to have on excess casualty reinsurance business due to the generally long delay in claim settlements. Most certainly from a reinsurance point of view there has been greater competition in this class, with some reduction in rates. It may well be that with continued slow inflation having its effect, the present rating structure will be insufficient.

"Continental's reinsurance division is now completing its third year of operations and the growth of the business so far has been encouraging to management and it is felt that we can expect further increase in volume in the coming 12 months."

Frank P. Proper, president of Employers Re, anticipates a premium volume of about \$21,250,000 in 1956, compared with \$20 million for 1955. He notes that: "We are of course watching very carefully the increased loss frequency and severity upon automobile reinsurance. Fire reinsurance has not been too good during 1956. Apart from that line underwriting profits are being enjoyed, although more modest than in some prior years. Nevertheless, the last quarter of the year may change the situation somewhat, but we are anticipating a very good year over-all."

Guarantee of North America estimates premiums will be about \$1.8 million gross for 1956, compared with \$1.4 million gross for 1955. Darrell F. Johnson, manager, writes: "From our standpoint we think that fidelity reinsurance has been running at a fairly even keel and barring any bad losses which can always happen between now and the end of the year, we should show a small profit on that classification.

As respects surety reinsurance

which is very largely contract bond reinsurance, this classification is still showing a high loss ratio and unless the last three months show an unexpectedly good loss ratio, we believe this classification will be unprofitable as regards 1956. We think it will be some months before a turn for the better will come on the contract bond classification and we can only hope that perhaps by the middle of 1957 better results will be noticeable.

"We do think that the bonding executives and the other top executives of the various companies that do a bonding business are cognizant of the need for stronger underwriting requirements. We believe that underwriting is being emphasized more in comparison with production and eventually this policy should be translated to better results for the primary companies and the professional reinsurers.

"Please understand that a strong minority of the companies that have a constant underwriting policy will probably enjoy good results in 1956 as in previous years but it is our best estimate that a large number of companies are not enjoying as good underwriting results in the bonding classification as was prevalent some years past. We think that premium volume will probably show a small increase comparative to the increasing general economy of the country."

Vice-president S. H. Carpen of Metropolitan Fire estimates 1956 premiums at \$3.9 million compared with \$3,695,755 for 1955. He states: "We believe that reinsurance results for 1956 will follow the unprofitable pattern of the original policy issuing companies."

National Re—N. H. Breining, vice-president, states: "As of July 1, all the business of National Re was assumed by Reins Corp. of New York. The consolidated results for the year are expected to show a growth in premium volume of about 20% gross. Net volume, however, will show about a 10% increase and is estimated at \$12.5 million, compared with \$11.2 million last year.

"We are experiencing a substantially increased demand for our reinsurance facilities. The loss experience on excess of loss has been good, but participating has been showing an increasing loss ratio. Combined we expect to show an operating ratio of slightly less than 100.

The reinsurance division of North America expected 10% increase over last year's volume of \$28 million, or about \$30.5 million for 1956. Myron W. Davenport, assistant secretary, observes: "While the premium volume is increasing, loss ratios are also on the rise, so that until the final chapter is written for the year, I think that all reinsurers will be somewhat reluctant to forecast over-all results."

Northwestern Mutual estimates its 1956 volume at \$4 million, compared

(CONTINUED ON PAGE 23)

Munich REINSURANCE COMPANY OF MUNICH, GERMANY

UNITED STATES BRANCH

MULTIPLE LINE REINSURERS

MUNICH MANAGEMENT CORP.
United States Manager

70 PINE STREET
NEW YORK 5, NEW YORK
TELEPHONE Bowling Green 9-5532

UNION REINSURANCE COMPANY OF ZURICH, SWITZERLAND

UNITED STATES BRANCH

MULTIPLE LINE REINSURERS

LOTHAR SUDEKUM
United States Manager

100 WILLIAM STREET
NEW YORK 38, NEW YORK

Telephone Bowling Green 9-5540

DIRECT SERVICE CORPORATION

Fire and Allied Lines
Primary and Excess
Demolition Liability
Hold Harmless Agreements
Explosion, Collapse and
Underground Property Damage
Treaty Reinsurance—Surplus Lines

90 John Street, New York 38, New York

Telephone CO 7-0390

NEW YORK

LONDON

Cable Address OBRIENRAY
HARTFORD

Advantages, Disadvantages of Spread Loss

(CONTINUED FROM PAGE 10)

pared to pro-rate reinsurance? A proper understanding of the answers to these questions will go a long way towards eliminating some of the misconceptions that seem to exist. It is here that the knowledge and experience of professional reinsurers can be particularly valuable.

Not a Cure-All. For example, it seems that certain companies and reinsurers look upon the spread loss cover as a great panacea that will solve all of their problems. Obviously, this is not so. Nevertheless, it is a useful device, and there is a very definite place for it under certain circumstances. On the other hand, it has been said that the spread loss cover is not reinsurance at all, but merely a modified banking arrangement. This thought arises perhaps because of only one of the purposes it achieves, namely, the leveling off of reinsured's large losses over a period of years. Spread loss reinsurance is not a substitute for pro-rate reinsurance. It is another type of reinsurance used for different reasons and operating entirely differently.

Not a Guaranteed Profit to Reinsurer. It has also been said that a spread loss cover virtually guarantees a profit to the reinsurer. This certainly is not so. Very frequently, maximum rates are established too low because experience figures of past years have not been an accurate guide to the future. This is somewhat the same problem that direct writing companies experience in the rating of certain lines of business.

If the spread loss cover is terminated when it is in the red, then the reinsurer has no chance to recoup and thus may end up with a substantial loss. Also, companies may experience losses that were not anticipated, which condition, even with a loading factor in the rate, can cause an unprofitable result to the reinsurer.

Extent of Protection Offered. At this point it might be well to consider the spread loss cover from the viewpoint of the extent of protection it provides. The ceding company pays all losses without contribution up to the amount of a fixed retention and the spread loss reinsurer pays all losses in excess of the retention up to the limit of the contract.

A spread loss cover may be written on a "per occurrence" or a "per risk" basis and this is important where the peril of windstorm is involved. If it applies to a "per occurrence" basis, then the company's retention is based upon all losses arising out of one occurrence regardless of the number of risks involved, in which event a severe windstorm might go into the cover rather substantially. On the other hand, if the "per risk" basis applies,

then there is but little coverage provided against windstorm losses. Usually windstorm losses are relatively small as to each risk, but may affect a large number of risks, except that, of course, in territories susceptible to violent tornadoes, entire risks may be destroyed by wind. Such consideration should be kept in mind when establishing the terms of a spread loss cover contract.

Rating Formula. As we appraise the spread loss cover, we must keep in mind the basic rating formula. First, the so-called "burning cost" is determined by dividing the company's total premium income for the preceding five years in respect of classes of business applicable to the cover into the total losses incurred (which exceed the retention) for the same period. Then, the percentage thus arrived at is increased by a loading factor in which is reflected, from the reinsurer's viewpoint, the following:

1. Reinsurer's expenses;
2. A surplus fund against which will be applied the adverse results of years when the maximum rate is exceeded or when catastrophic losses occur;
3. Losses occurring in the last year of a contract and which cannot be absorbed in ensuing years in the event the contract is terminated;
4. A reasonable profit to the reinsurer.

The rate for each succeeding year is determined in the same way but by dropping from the five year experience the oldest year and adding to it the results of the immediately preceding year. As stated, there is a minimum and maximum rate established based upon individual circumstances and which, of course, are for the purpose of keeping the reinsurance premium at a fairly reasonable figure despite unusual fluctuations in the experience one way or the other.

ADVANTAGES OF SPREAD LOSS

More Gross Profit Retained. If a company's loss ratio is consistently favorable, one of the purposes of a spread loss cover is to enable such a company to retain more of its gross profit. How this purpose is achieved can best be seen by first understanding the theory of the spread loss rating formula and then by a comparison of the dollar cost to the reinsured with what the cost would be for a pro-rate or surplus treaty. Obviously, a surplus treaty involves a materially higher premium, and it is normally to be expected that a surplus treaty will realize somewhere between a 5% to 10% profit margin. With a premium volume then of, say \$100,000, a surplus treaty

might be expected to result in a reinsurance cost to a ceding company of from \$5,000 to \$10,000. The spread loss rating formula, on the other hand, will result in perhaps only a premium of from \$10,000 to \$20,000, but with a reinsurance cost normally expected of from 30% to 40% or somewhere from \$3,000 to \$8,000. Thus, if a company can afford to buy a spread loss cover from the standpoint of other considerations, it will be in a position to retain for itself a higher percentage of its gross profit.

It should be emphasized, however, that to gain the advantage offered to a ceding company under a spread loss program of retaining more of its gross profits, the company must be operating on a consistently profitable basis.

On the theory that the only purpose of being in any business is to make profits, then perhaps we have already cited the only real benefit or advantage of a spread loss type of reinsurance cover, namely, to retain more of that profit. There are, however, certain collateral advantages, just as there are distinct disadvantages, and

all of these must be weighed most carefully.

Increase in Funds for Investment. Under a spread loss reinsurance program, the ceding company will retain more of its gross premium than under pro-rate reinsurance. Consequently, more of the premium dollar will be available to the company for investment purposes and hence investment earnings will be augmented. This is, of course, a worthwhile objective and yet the increased premium volume is not without inherent dangers. This comes about principally by the serious drain that will be felt in the company's surplus, and this coupled with an adverse loss ratio which may result from the new spread loss may present a really serious situation.

Savings in Manpower. Reference has been made to the reduction in the dollar expense cost by reason of the elimination of detail work in the various operating departments. While much has been done in recent years to simplify the mechanics of ceding treaty reinsurance as, for example, the

PRITCHARD AND BAIRD

REINSURANCE

CONSULTANTS & INTERMEDIARIES

Fully prepared through long experience to intelligently serve those Underwriters who demand the best.

"WE ARE WHAT WE DO"

99 John Street

NEW YORK 38, NEW YORK

WOrth 4-1981

The Reinsurance Corporation

OF NEW YORK

* * * AN AMERICAN REINSURANCE MARKET * * *

All classes of Reinsurance except Life

99 JOHN STREET, NEW YORK 38, N. Y.

(CONTINUED FROM PRECEDING PAGE) elimination in some instances of reinsurance bordereaux, streamlining of statistical data required by reinsurers, and the adoption in some cases of the "percentage" basis of ceding reinsurance, nevertheless the very nature of surplus reinsurance requires that the individual daily reports be channelled through the ceding company's work flow. Spread loss reinsurance avoids this and if the potential savings in manpower can be translated into an actual payroll savings, it is indeed an important matter for consideration.

This, of course, does not apply to the underwriting function itself which must continue to be given the same amount of attention and proper vigilance that has always been used. Under a spread loss program this important function must not be relaxed in any way.

It might be mentioned at this point that while the possible reduction in manpower may result in an actual savings in the dollar expense cost, it does not necessarily follow that under a spread loss cover program the ex-

pense ratio itself will be reduced—which is common misconception.

May or May Not Stabilize Results. In any business the stabilization of results is much to be desired, and in the insurance business which is particularly exposed to conditions creating year to year distortions, stabilization is difficult to achieve. It is sometimes said that a spread loss cover will achieve this result. This, however, is more apparent than real. As was previously noted, the area of protection in a spread loss cover is concentrated on the larger losses and to the extent that the effect of such losses is, by reason of the rating formula, levelled off over a period of years, a company's net results might be said to be more stable.

However, a spread loss cover provides no measure of relief whatever from a high loss frequency in smaller losses up to the level of the company's net retention, nor does it altogether in the case of extreme catastrophic losses. Actually, therefore, pro-rata reinsurance, which protects from the first to the last dollar of loss, can be looked upon as a more consistently stabilizing influence.

Possible One Year Tax Relief. In a given year with unusually high taxable profits a company might be able to ease its tax burden in such year by taking advantage of a changeover to spread loss if it is done on the basis of reabsorbing an existing pro-rata reinsurance portfolio, as was previously mentioned. In such event, as stated, there would be a double-barrelled effect upon the current year's profits by reason of the increase in the unearned premium reserve and also in respect of the commission or acquisition cost with which the company must charge itself. Of course, a changeover to a spread loss cover need not be accompanied by the portfolio re-assumption of the pro-rata business which could be left to run off to expiration. Thus, the current year's operations would not be unduly affected other than by the normal increase in net premiums resulting from the increased retentions. It would simply postpone the loss in surplus and spread it over the remaining years of the business in force.

The process of levelling off the larger or catastrophic losses over succeeding years might also conceivably work to a company's advantage from an income tax standpoint.

SPREAD LOSS DISADVANTAGES

In considering the possible benefits to be derived by a company from a change to a spread loss cover, it is natural to use as a criterion the pro-rata treaty which has been used to good advantage in one form or another as far back as the business goes. It will undoubtedly continue to be used indefinitely, for as pointed out herein, the spread loss cover is not a substitute for it, but rather is a form of reinsurance used entirely for different purposes.

However, anyone familiar with the business will agree that before a company can begin to think in terms of a spread loss cover, it must have had employed in one form or another a pro-rata reinsurance arrangement in order to build up the surplus strength so vital to a spread loss program and also to achieve the proper spread of risk.

Drain on Surplus. So far we have noted some of the advantages of a

spread loss cover, although perhaps not all of them unqualified. There are, however, some distinct disadvantages which, to a greater or lesser degree, depend upon individual company circumstances. Number one is the drain on policyholders' surplus, already noted, and too much emphasis cannot be placed on the fact that a company just cannot afford to have a spread loss cover without adequate surplus.

Limitation on Protection. One thing to keep in mind in determining whether or not a spread loss cover would be advantageous is the nature of the company's portfolio of business, i.e., whether it writes predominantly risks of low or high units of exposure and whether or not it writes in a restricted geographic area. If comparatively high units of exposure are involved, or in a relatively small area subject to possible large catastrophic losses, then a spread loss cover would no doubt be found to be more expensive than it would look on the surface.

A spread loss cover places a definite limit on the ceding company's loss protection in the area of small losses

REINSURANCE EXCLUSIVELY

Casualty • Fidelity

Surety • Fire

Marine • Allied Lines

COMPLETE AMERICAN PROTECTION



**AMERICAN
RE-INSURANCE COMPANY**

99 JOHN STREET, NEW YORK 38, N. Y.

HOLBORN AGENCY CORPORATION

Reinsurance

JOHN N. GILBERT
President

HOWARD SHADWELL
Vice President

HERBERT C. DURKEE
Secretary

Holborn Building — 144 John Street
New York 38, N. Y.

Telephones: BOwling Green 9-7480 • 7481 • 7482

Reinsurance —

FOREIGN MARKETS SPECIALISTS

EXCESS & SURPLUS DIRECT
LINES

SPECIAL PURPOSE COVERAGE

HOME OFFICE: 2039 WALNUT ST. PHILA. 3, PA.
LOCUST 7-1930 CABLE: LENS

BRANCH OFFICE: PARIS
CORRESPONDENTS:

AMERICAN EXCESS CO., INC. LONDON & ANTWERP



The Constitution Insurance Corporation



MULTIPLE LINE REINSURANCE

Henri G. Ibsen
President

90 JOHN STREET
NEW YORK 38
NEW YORK

while pro-rata reinsurance follows the fortunes of the ceding company without limit. Pro-rata reinsurance thus assures the ceding company protection no matter how frequent and severe losses may become. Here is another important factor for companies to consider which operate in limited areas susceptible to windstorm losses.

Less Flexibility than Pro-rata Reinsurance. The greater degree of flexibility that a pro-rata treaty affords is indisputable from an underwriting viewpoint in the matter of technique and judgment inasmuch as retentions may be varied according to risk. Also, under pro-rata reinsurance, a company is able to reinsure a greater proportion of its liability in areas in which it has a heavy concentration of liability.

Under the spread loss cover separate retentions are not necessarily assigned to each risk. In other words, under a pro-rata treaty, a company may apply underwriting discretion to distinguish between risks and set up an appropriate net retention based upon a well thought out line guide.

Then, too, from a psychological standpoint company underwriters may feel that a spread loss cover gives them the privilege to write any and everything up to the limit of the cover. Of course, in such case it will not be long before the maximum rate is reached. On the other hand, the spread loss cover could have the opposite effect and create undue timidity on the part of underwriters in knowing that a particular line is a gross line.

Less Capacity than Pro-rata Reinsurance. By means of pro-rata reinsurance, a ceding company is able to make an authorization to an agent and to accept a line considerably in excess of its ultimate retention. The larger premium volume under a pro-rata reinsurance program will support larger gross lines, and this capacity is of the utmost importance and of great value to a company. This is particularly true in the case of smaller companies from a competitive viewpoint.

When a company adopts a spread loss program of reinsurance, it must review all of its larger lines, and in many cases it will be necessary to reduce the gross amount, which certainly presents a serious problem and may be quite difficult to accomplish.

Higher Cost of Catastrophe Protection. Another disadvantage to the ceding company of a spread loss cover is the higher catastrophe protection cost that will result. The cost of such protection under a pro-rata arrangement will be lower because of the reduced individual peak exposures, generally lower units of exposure and lesser concentration of liability. Under a spread loss cover, on the other hand, the company's net catastrophe exposure increases and therefore the company will usually find that it will have to pay a higher rate and a larger premium for its catastrophe cover, or else it will be obliged to increase its net retention.

Difficult to Change Back to Pro-rata. There is another rather serious thing to consider and that is that once the decision has been made to adopt a spread loss cover, it is a long way back to a pro-rata arrangement. In other words, while under certain circumstances a spread loss cover might seem very desirable, conditions do change and it is entirely possible that future underwriting or economic conditions may have such an effect upon a com-

pany's fortunes that a spread loss cover would then be entirely inadequate. The change back to a pro-rata arrangement would necessitate eventually the re-underwriting of the entire portfolio of business in force and the re-establishment of the pro-rata reinsurance system both of which, obviously, would be extremely time-consuming and costly.

It might also be noted that under a spread loss cover, continuing severe losses will probably mean that the maximum rate will be reached, in which case there is always the possibility of being unable to obtain satisfactory renewal terms. As stated, to switch back to a pro-rata program presents very serious problems.

SUMMARY

To summarize, it might be stated that the spread loss cover, while it is not a substitute for pro-rata reinsurance, may under certain circumstances achieve the following ADVANTAGES:

1. More gross profit retained—If a company's results are consistently profitable, it will be able to retain more of those profits; however, in order to retain a profit, you must first make one;
2. Increase in funds for investment—although not without the disadvantage of an adverse effect upon surplus because of the higher premium volume;
3. Savings in manpower—the handling of daily reports will be lessened resulting in a potential savings in dollar expense cost. This will not apply to the underwriting function;
4. May or may not stabilize results—levels off the effect of large losses but affords no protection against high loss frequency of small losses;
5. Possible one year tax relief—by reabsorbing an existing pro-rata reinsurance portfolio tax payments may be postponed.

In contrast to these apparent advantages, it should be kept clearly in mind that in many instances there are very definite limitations to its effectiveness or outright DISADVANTAGES:

1. Drain on surplus—policyholders' surplus position must be strong enough to support additional volume;
2. Limitation on protection—high units of exposure or restricted spread of business may make a spread loss more costly; no insurance against small losses;
3. Less flexibility than pro-rata reinsurance—in the matter of underwriting judgment and to protect against heavy concentration of liability;
4. Less capacity than pro-rata reinsurance—extremely important, particularly in the case of smaller companies from a competitive standpoint;
5. Higher cost of catastrophe protection—the cost of catastrophe protection under a pro-rata arrangement will be lower than under a spread loss because of the reduced individual peak exposures, generally lower units of exposure and lesser concentration of liability;
6. Difficult to change back to pro-rata—once a spread loss cover is adopted, a subsequent change back to pro-rata is time-consuming and costly.

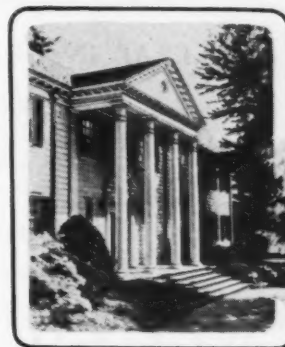
CONCLUSION

A company's underwriting success and financial strength can well depend
(CONTINUED ON NEXT PAGE)

Multiple

Line

Reinsurance



Overlooking the Historic Tappan Zee

CHRISTIANIA GENERAL INSURANCE CORP. of New York

102 WHITE PLAINS ROAD
TARRYTOWN, N. Y.

The Guarantee Company of North America

Founded by Edward Rawlings in 1872

H. MILLAR RAWLINGS, President

Home Office, Montreal, Canada

FIDELITY and SURETY BONDS

UNITED STATES REINSURANCE OFFICE

DARRELL F. JOHNSON, Manager

30 Broad St., New York 4, N. Y.

BOWLING GREEN 9-0270

Reinsurance A. E. STRUDWICK Co.

810 BAKER BLDG.
MINNEAPOLIS 2, MINNESOTA

208 SOUTH LA SALLE ST.
CHICAGO 4, ILLINOIS

A. E. STRUDWICK, PRES. W. H. KERN, V. P.
E. W. BLANCH, V. P. D. A. TAYLOR

H. A. GOETZ, V. P.
J. C. KUNCHES, V. P.

GENERAL INSURANCE COMPANY
OF
TRIESTE & VENICE

United States Branch

REINSURANCE
Fire, Marine & Allied Lines

Ottocaro Weiss, U. S. Manager

A. R. William Wang, Underwriting Manager

Allen J. Hinkelman, Branch Secretary

44 Wall Street New York 5, N. Y.
Telephone WHitehall 4-5846

REINSURANCE INTERMEDIARIES



STERLING
OFFICES LIMITED

116 JOHN STREET, NEW YORK 38, N. Y.

LONDON • PARIS • SYDNEY
TORONTO • VANCOUVER • MONTREAL • SAN FRANCISCO

DIRECT
FACILITIES
WITH
LLOYD'S,
LONDON

Servicing Brokers
and Agents
Exclusively!

FIRE and ALLIED LINES
INLAND MARINE
GENERAL LIABILITY
AUTOMOBILE • BURGLARY
UNUSUAL and HAZARDOUS LINES

ALL AMERICA
EXCESS UNDERWRITERS

10 S. 18th Street, Philadelphia 3, Pa.
LOcust 8-0670

W. W. GREENE, Inc.

Reinsurance

SURVEYS - CONTINUING COUNSEL - TREATY PLACEMENT

Casualty • Fire
& Allied Lines

American &
Foreign Markets

110 FULTON STREET - NEW YORK 38, N. Y. WORTH 2-4327

(CONTINUED FROM PRECEDING PAGE)
upon the adequacy of its reinsurance program. The manner in which reinsurance is placed can have a very important effect upon the financial structure of a company, and it must be given the most serious consideration. It is essential that it be tailored to fit the financial position of the individual company.

Of course, in the long run a company's gross business must be profitable regardless of what type of reinsurance is employed or it will not long be in business. A company that purchases reinsurance with the sole thought of protecting itself only in years of adverse underwriting experience is on unsound ground. It is axiomatic that a company's results must be profitable over a period of years so that its reinsurers will also be able to realize a profit over the years, or it will find itself without a reinsurance market.

American Elects
Five Officers

American has elected O. Roy Carlson resident vice-president at the Newark branch office, John B. Humphrey resident vice-president and chief agent for Canada with headquarters at Toronto, and Eugene M. Cook and Harry F. Dunkerton assistant vice-presidents. American Automobile has elected the four to similar positions with that company.

Eugene C. Richard was elected vice-president of American Automobile at New York City.

Mr. Carlson entered insurance in 1923 with Home in New York. He joined American in 1926 at the home office and after experience in underwriting in the New Jersey and Pennsylvania fields, he was promoted to manager of the automobile department. He was elected an assistant secretary in 1947 and was named a field supervisor in 1950. In 1954 he was elevated to secretary, and in 1955 to assistant vice president.

Mr. Humphrey started in insurance in England and moved to Canada in 1928. He was active in adjusting until 1934 when he joined the claims staff of American Automobile at Toronto. Subsequently at the head office he trained in underwriting and production. He was assigned to Los Angeles in 1941 and later went to Portland, Ore. After British army service he returned to St. Louis and was sent to Los Angeles as underwriting manager in 1947. After a brief assignment in Spokane, he returned to Toronto in 1950 to assist in the establishing of the Toronto office of American Automobile. He was made branch manager in 1952 and Canadian manager in 1954.

Mr. Cook joined American in the accounts department in 1930, and later transferred to the tax department. He was named an assistant treasurer in 1947, and elected a secretary in 1952. Subsequently he assumed supervision of general administration at the home office.

Mr. Dunkerton, a member of the New York bar, joined American in 1942 as head of the personnel department. He was elected secretary in 1949. Mr. Richard has spent 45 years in insurance in New York City. After company and agency experience, joined American in 1938 as manager at New York. He was elected a vice-president in 1955.

C & B
1894

The Pioneer Organization

COATS &
BURCHARD
COMPANY

APPRAISERS

4413 Ravenswood Avenue
Chicago 40, Illinois

- Appraisals for Correct Insurance Coverage and Proof of Loss
- Depreciation Studies
- Property Ledgers

"TOUGH" CUSTOMER
TYPE NO. 2



The TOO-POORiole

a tough bird
to sell - but

You CAN with
The CAMDEN!

In today's competitive market, you can use every good sales idea you can find. And here is a brand new book—amusing, interesting, and stimulating—designed solely to help the agent insure his own success! Your free copy is merely waiting for the coupon below, filled out in your name. Send it today!

The Camden
U.S.A.

JUST FILL OUT AND MAIL
THE COUPON BELOW.

THE CAMDEN FIRE INSURANCE
ASSOCIATION

Camden 1, New Jersey

Please send me a copy of the new
"Sketch Book" of sales ideas.

Name _____

Address _____

City _____ Zone _____ State _____

Fire

Adj
and
and

An i
A lo
subject
qualifi
cried
reduc
omy o
inating
Adj
by do
calibr
at leas
ants. 1
propo
contac
type o
not to
learn
evalua

Cert
standa
sentab
a repu
theref
tion. M
key to
by fal
area, i
to 20
locatio
the nu
during
make
ter ho
the ad
ly, th
flecte
Unf
some
neede
prima
But b
fact t
millio
his tr
more

Fur
tles a
ly is
feels
for a
shoul
gent
claim
crease
comp
of co
out u
a nee
and
tion,
ducer
if he
opens
To
and-b
tity M
adju
sured
will I
juste

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Adjusters Cut Loss and Expense Ratio, and Merit Good Pay

An independent adjuster writes:

A local agent recently spoke on the subject of using higher-priced, better-qualified adjusters on claims. He decried companies and agents trying to reduce the loss ratio by the false economy of underpaying adjusters or eliminating them on small claims.

Adjusting practices must be learned by doing, not from a book. A high-calibre adjuster is developed through at least 15 years' contact with claimants. His skills become sharpened in proportion to the multiplicity of such contacts. By repeated exposure to this type of education-in-action, he learns not to be too easy or too tight. He learns to appraise the claimant and to evaluate the claim.

Certainly, an adjuster has a personal standard to maintain. He must be presentable, have a healthy attitude, and a reputation above reproach. He must, therefore, have adequate compensation. Number of claims handled is the key to the matter of reducing loss ratio by false economy. In the metropolitan area, an adjuster can inspect from one to 20 claims per day. Size, type, and location of claim have a bearing on the number handled. Some adjusters, during the hurricane season, allegedly make 42 inspections per day. No matter how many inspections are made, the adjuster's salary goes on. Obviously, the number of inspections is reflected in the loss-expense ratios.

Unfortunately, the belief is held, in some quarters, that an adjuster is not needed on small claims. There is a prima facie case for this viewpoint. But beneath the surface is the crucial fact that the adjuster who closes a \$1 million dollar mercantile claim learned his trade "on cigarette burns" 20 or more years ago.

Furthermore, the producer who settles a petty claim with his client rarely is better off for it. Either insured feels he has to be eternally grateful for a small favor, or he feels that he should have gotten more. The intelligent handling, however, of a small claim by an adjuster, can result in increased business for producer and company. The most striking example, of course, is in the adjuster's pointing out underinsurance. He may also see a need for other types of insurance and recommend them. This information, when passed to insured by producer, at least puts insured on notice if he is underinsured, and usually opens the way for additional sales.

To insured, an adjuster is the flesh-and-blood embodiment of a vague entity known as "the company." If the adjuster handling the claim tells insured of his unguarded perils, insured will listen. The very fact that the adjuster cannot sell insurance impresses

insured. The adjuster's recommendation of insured's own agent or broker as being highly respected in the field promotes business.

If all claims, large and small, were given to adjusters, the loss-expense ratio would fall, the training of adjusters would be more complete, and producers would be relieved of odious jobs.

A benefit collateral to these everyday advantages would be the availability of more local adjusters for periodic catastrophes.

National Board Revises Model Fire Prevention Code

National Board has published a revision of its model fire prevention code. This sets out the safeguards a community should take to protect life and property from the hazards of flammable and explosive substances and occupancy hazards.

In 1895 National Board published the first nationally recommended electric code; in 1905 the first model building code, and in 1930 the first model fire prevention code.

Everett W. Fowler, director of NBFU's division of codes and standards, supervised compilation of the fire prevention code. The last revision was in 1953. The present edition brings it up to date and makes it consistent with the latest nationally recognized safety standards. It includes a new section on potentially explosive chemicals. Various editions of the code have been adopted in approximately 900 communities.

There is published in the new code book a suggested ordinance providing for the establishment of a bureau of fire prevention and for the adoption of the code by reference.

Copies of the new fire prevention code may be obtained free by persons having an interest in the code as well as by committees considering local codes by writing to National Board at 85 John street, New York 38.

In the midwest write to 222 West Adams street, Chicago 6, and west of the Rockies, to 465 California street, San Francisco 4.

N. A. Pamphlet Opposes Compulsory Auto in Pa.

North America companies have prepared a pamphlet for policyholders urging opposition to a compulsory automobile insurance law for Pennsylvania. Pointing out that safety and not indemnification should be emphasized, the group states that compulsory does not work.

The pamphlet asks for enforcement for safety and traffic rules and regulations, and asks that incompetent and irresponsible drivers be taken off the highways. As an alternative, it suggests a strict financial responsibility law properly enforced plus an impoundment law.

NACCA Members Eye Larger Science Use in Accident Cases

Establishment of a fact-finding bureau to aid court disposition of accident claims cases was urged at the New Haven, Conn., meeting of National Assn. of Claimants Compensation Attorneys. More than 200 members and guests attended the session at Yale law school.

Andrew J. White, director of Motor Vehicle Research of South Lee, N. H., and Prof. Jonathan Karas of New Hampshire university said that a major need in handling accident claims is making scientific facts available to offset subjective opinion. Justice has not kept pace with science, they said.

Mr. White attacked the reliability of tire skid marks as a measure of speed. He said that under certain conditions smooth tires are safer than new ones, but changing them from one car to another may affect their stopping factor. Auto equipment and many misleading claims are being used to back courtroom evidence that could be disproved by engineering research, Prof. Karas said.

Valid research can be used to discount subjective opinions, Mr. White pointed out. For example he cited a case where a woman, leaning out of a car window to direct the driver on a foggy night, was decapitated when the car rammed a pole. In court a doctor testified that such an accident couldn't have occurred unless the car was going 60-70 miles an hour. Later engineering tests proved that on the curving road before the pole no car could have gone more than 37 miles an hour without overturning. Moreover, the tests showed that decapitation could have occurred at a speed of only a half a mile an hour.

The two men pointed to other tests that proved a passenger cannot avoid bouncing his head off the windshield of a car when it rams a stationary object at speeds as low as 10-15 miles an hour. It was also shown to be unlikely that any person can brace himself sufficiently to avoid being hurled into direct and whiplash projection at moderate speed crashes.

If engineering and scientific research can be applied to the courtroom field, there will be more safety and truer justice, the two men asserted.

Travelers Makes Quick Payment on Ellenville Bank Defalcation

Travelers paid the \$200,000 bankers blanket bond loss on the second business day after shortages totaling in excess of \$1.3 million had been discovered at the Home National bank in Ellenville, N. Y.

The payment was made to Federal Deposit Insurance Corp., receiver of the bank. The shortage was reported Dec. 1, and full payment was made Dec. 4.

Americans Explain U.S. Regulation to West Germans

Alfred J. Bohlinger, New York City attorney and former New York insurance superintendent, and Ernest C. Steefel, New York attorney and a member of the German bar, spoke at a meeting arranged by Munich Re in Munich recently on the regulation of insurance in the U.S. The meeting was attended by a number of insurance executives and state and federal insurance supervisory officials of West Germany.

The Bonn parliament has introduced an anti-trust bill which includes insurance. Proponents of the bill have contended that in its proposal to regulate insurance federally, the measure follows the pattern of law in the U.S.

Both Mr. Bohlinger and Mr. Steefel emphatically disagreed with this point of view and made it clear that several of the arguments of the proponents of the Bonn bill are incorrect. As Mr. Bohlinger stated, the insurance business in the U.S., insofar as rates charged to the public for property insurance, are regulated by the states. They are not subject to the federal anti-trust laws or to federal supervision.

Mr. Steefel spoke in the same vein. The Bonn argument that the insurance business in the U.S. is not exempt from the anti-trust laws is false, he said. The contention of proponents of the Bonn bill that the anti-trust control is exerted by the federal department of justice is false. It is also erroneous to state that the federal law has no specific provision regarding state regulation of insurance—it does, and it is incorrect to say that the arrangement which the German federal government is proposing is substantially the same as in the U.S., Mr. Steefel said.

Compulsory Cover Bill Filed in Conn.

A compulsory auto insurance bill has been filed in Connecticut by Rep. elect Mortenson of Newington. The bill would require 20/40/1 bodily injury and property damage liability limits. The bill will be considered by the 1957 legislature.

Under the new bill, the compulsory program would be operated by private insurers and not through any state fund.

Salmon, Tofte to Retire from Johnson & Higgins

H. H. Salmon Jr. and Louis Tofte, directors of Johnson & Higgins, will retire from the company Dec. 31.

Mr. Salmon started in insurance in 1919 with Wilcox, Peck & Hughes, which merged with Johnson & Higgins in 1925. He was elected a director in 1939. Mr. Tofte went to the international brokerage firm in 1911. He established the firm's Cuban affiliate in 1923 and was elected a director in 1946.

EDITORIAL COMMENT

A Tough Fight But a Necessary One

Dismay is the only rational reaction to the ruling of Attorney-general Javits of New York permitting trustee union welfare plans to conduct their insurance operations without being subject to the state's insurance laws.

The only consoling thought is that Mr. Javits' reasoning appears to be sufficiently far off base as to make it probable that the courts will overturn it.

If the courts fail to reverse the Javits ruling, the outlook is dark, indeed. Nobody needs to be told about the political power the unions wield. It would take legislators of rare integrity, intelligence, and courage to change the statutes so as to make it clear beyond any possible question that trustee union welfare plans are subject to the insurance laws.

Far from opposing such action, the union leaders should welcome it. These trustee plans are for the benefit of millions of workers who in general are less well equipped than the average insurance buyer to know whether they are being treated right or not. And even if they should suspect they were getting a rooking they might not feel it healthy to open their mouths about it.

If there is to be any difference in the standards of strictness between insured plans and trustee plans, it should certainly be in the direction of greater strictness for the trustee plans. On the one side we have the regular insurers with a long record of careful management under the law. On the other side we have the trustee plans, many of them with spotless records, but also others smelling of some highly odoriferous scandals.

For insured plans to be held accountable under the strict procedure of the New York insurance laws while the trustee plans are accountable only in the sketchiest fashion would be laughably absurd if this lack of supervision didn't hold such tragic possibilities for the workers covered under the trustee plans.

As we pointed out, responsible union officials should want to be subject to insurance department supervision, the same as other insurers. (The employer trustees should, too, but the evidence is that where there is any monkey-business the employer trustees keep their eyes, ears, and mouths shut. And in any event they have little political influence, compared with that of the union leaders.)

Unfortunately, the question is confused by the premium tax, which is applicable to an insured plan and not to an uninsured plan. Thus, it is easy for a union leader to make out a dollars-and-cents case for preferring an uninsured plan even though his real reason is wanting to operate the welfare fund as he and his associates like, without any of the restraints, controls, and accountability that insurers are subject to under the insurance law.

The premium-tax angle also obscures the insurance companies' real concern over the more important aspect: What happens to the good name of insurance when the inevitable abuses crop up again among the trustee plans?

And even without waiting for scandals due to lack of accountability, what about the effect on the public when it is made to appear that self-insurance is so much cheaper than regular insurance that any union that

can possibly self-insure should certainly do so? Life companies have a similar situation with National Service life insurance. People want to know why private insurance can't pay as big dividends to its policyholders as NSLI does. No matter how often they're told, they still don't appreciate how large a part of the NSLI dividend is subsidized by the taxpayers.

In the same way, people who compare the costs of trustee vs insured plans will take little if any account of the part that the premium tax plays in the cost gap between the two types of plans. They will ascribe the difference entirely to the "profits" made by the insurance companies—even though the bulk of the insured business is in mutual companies and the stock companies have to keep their prices competitive or drop out of the race.

A premium tax on insured plans is a penalty on thrift and foresight, at best. It becomes doubly obnoxious when it becomes a means of discriminating in favor of some groups of beneficiaries and against other groups.

There is every reason to work for a correction of Attorney-general Javits' decision and it is reassuring to know that this is being done.

N. Y. Bar Meeting to Feature Panel on Nuclear Energy

NEW YORK—The program of the annual meeting here of the insurance law section of New York State Bar Assn. will feature a panel discussion of nuclear energy hazards and insurance law. The program, which runs from 10 a. m. through luncheon at the Biltmore, also includes the annual election.

Wayne Van Orman

Wayne Van Orman, New York City attorney, and chairman of the section, will moderate the nuclear energy panel. Participants will be James B. Donovan of Watters & Donovan, New York; Manning W. Heard, vice-president of Hartford Accident; William F. Kennedy, counsel of the atomic products division of General Electric, and Prof. W. W. Havens of Columbia university.

The panel will deal specifically with nuclear reactor installations operated and designed for experimental testing or power purposes.

John Davis & Co., Seattle, has purchased the Ross Mathewson agency of Bellevue, Wash. Grover Fletcher will manage the insurance department at Bellevue.



McGinnis Retiring as Executive of Central Surety

R. E. McGinnis is retiring from active duty as an executive officer of Central Surety, although he will retain his title of vice-chairman and continue as a director. The announcement was made at the annual luncheon of Central Surety "Old Guards" held at the Kansas City Club. Unfortunately Mr. McGinnis was absent due to illness, and his personal retirement message had to be delivered by proxy.



R. E. McGinnis

W. L. Nolen continues as chairman, with H. P. Linn as president directing nationwide casualty and surety operations of Central Surety and the five associated companies in the North British group.

Prior to entering insurance, Mr. McGinnis was general claims attorney of Metropolitan Street Railway Co., now Kansas City (Mo.) Public Service Co. He started as claims department manager of Kansas City Casualty in 1914 and continued in that capacity until the company's merger with Em-

ployers Indemnity Corp., now Employers Re, in 1919. He served as assistant secretary of Employers Indemnity 1919 to 1926, when Central Surety was organized. He was one of the organizers of Central Surety and was vice-president from its organization. He advanced to first vice-president in 1929 and to president nine years later. He has been vice-chairman since early this year.

Mr. McGinnis was president of National Assn. of Casualty & Surety Executives in 1954, and is an honorary life member of that association. He is a director of the Law Alumni Assn. of University of Kansas City school of law, and holds an award from that organization for distinguished achievement.

Kite to End Fire Association Career

W. Stanley Kite, vice-president of Fire Association, will retire Dec. 31 at his own request. He will continue as a consultant for the several months.

Before joining the group he was Philadelphia manager of Hartford Accident, vice-president of Ohio Casualty and president of Manufacturers Casualty and Manufacturers Fire.

He is a past president of Insurance Society of Philadelphia, Casualty Underwriters Assn. of Philadelphia and Surety Assn. of Philadelphia.



W. Stanley Kite

Central Surety Elects Mooney Secretary

William S. Mooney of the administrative department at New York has been advanced from superintendent to secretary of casualty claims nationwide by directors of Central Surety at the Kansas City home office. Mr. Mooney also has been elected secretary of the associate companies in the North British group, North British, Pennsylvania Fire, Commonwealth, Mercantile and Homeland.

Mr. Mooney entered the business in 1941. He joined the North British group about a year ago.

Brokers Want Manuals

Greater New York Insurance Brokers' Assn. has asked Multiple Peril Insurance Rating Organization and Interbureau Insurance Advisory Group to make available their rule and rate manuals and their revision services to producers willing to pay the cost. Up to now, the brokers state, the manuals have not been generally available.

The brokers said that obtaining the manuals from the companies is unsatisfactory.

THE NATIONAL UNDERWRITER

EDITORIAL OFFICE:
59 John St., New York 38, N. Y.
Executive Editor: Kenneth O. Force.
Assistant Editors: John B. Lawrence, Jr. and Walter C. Crocco.

ATLANTA 3, GA.—492 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421. Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. R. J. Wieghaus, Resident Manager.

CHICAGO EDITORIAL OFFICE:
175 W. Jackson Blvd., Chicago 4, ILL.
Managing Editor: John C. Burridge.
Assistant Editors: Charles L. Manning and Richard G. Ebel.
Copy Editor: Foster P. Stockwell.

CINCINNATI 2, OHIO—420 E. Fourth Street. Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. A. J. Edwards, Manager for Indiana and Michigan.

ADVERTISING OFFICE:
175 W. Jackson Blvd., Chicago 4, ILL.
Telephone Wabash 2-2704.
Advertising Manager: Raymond J. O'Brien.
SUBSCRIPTION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

KANSAS CITY 6, MO.—950 Dierks Bldg., Tel. Baltimore 1-2244. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—59 John Street, Room 2420. Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.
NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

OFFICERS:
Howard J. Burridge, President.
Louis H. Martin, Vice-President.
Joseph H. Head, Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone Parkway 1-2140.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027. Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



Bare Efforts to Stop Combination Sales of Stocks, Life Policies

Efforts will be made to get the 1957 Arkansas general assembly to outlaw combination sales of stocks and life insurance policies, it was announced before a special committee appointed by Governor Faubus. The committee, appointed primarily to draft legislation to control the formation of new insurance companies, heard representatives of Arkansas bankers, domestic companies, licensed security dealers, Arkansas Assn. of Life Underwriters and fire and casualty men at its meeting in the governor's reception room.

Foster Vineyard, Little Rock, speaking for the life agents, said that 44 states have outlawed so-called "tie-in" sales of life with company stock sales. He said a model bill proposed by National Assn. of Life Underwriters would be introduced next month before the Arkansas legislature. The bill would prohibit the sale, solicitation or delivery of any stock or shares of stock in the company issuing a life policy.

The committee also heard discussion of its own preliminary proposals for increasing capital requirements for new companies and for placing the approval of insurance stock sales of new companies under the joint jurisdiction of the state insurance and state banking commissioners.

Fogg Heads N. J. Mutual Insurers

David A. Fogg, assistant secretary-treasurer of Farmers' Mutual Fire of Salem, N.J., was elected president of New Jersey Assn. of Mutual Fire Insurance Companies at the annual meeting in Trenton. He is also director of Mutual Service Office.

Contractors Employ Unusual Means to Avoid Utility Damage

An industrial safety research team of Assn. of Casualty & Surety Companies has found that in an effort to protect utility lines from damage during construction operations, contractors are using such mechanical aids as war-surplus mine detectors, advanced soil freezing chemicals and proximity warning devices.

Robert Hagopian, director of industrial safety for the association, said that research on the subject was undertaken after insurance company records showed that the possibility of damage to utility lines is an ever-present hazard in construction work.

The research team reported on several techniques and devices being used to detect and avoid underground or overhead utilities and on precautionary measures to be taken in those cases where a breakage occurs. Mine detectors are among the devices being used to locate underground pipe and cable installations. Proximity warning devices are being employed in an increasing number of instances to sound an alarm when booms come close to overhead utility lines. Soil freezing chemicals are one of many devices used to prevent cave-ins or water seepage from damaging utilities exposed in construction excavations.

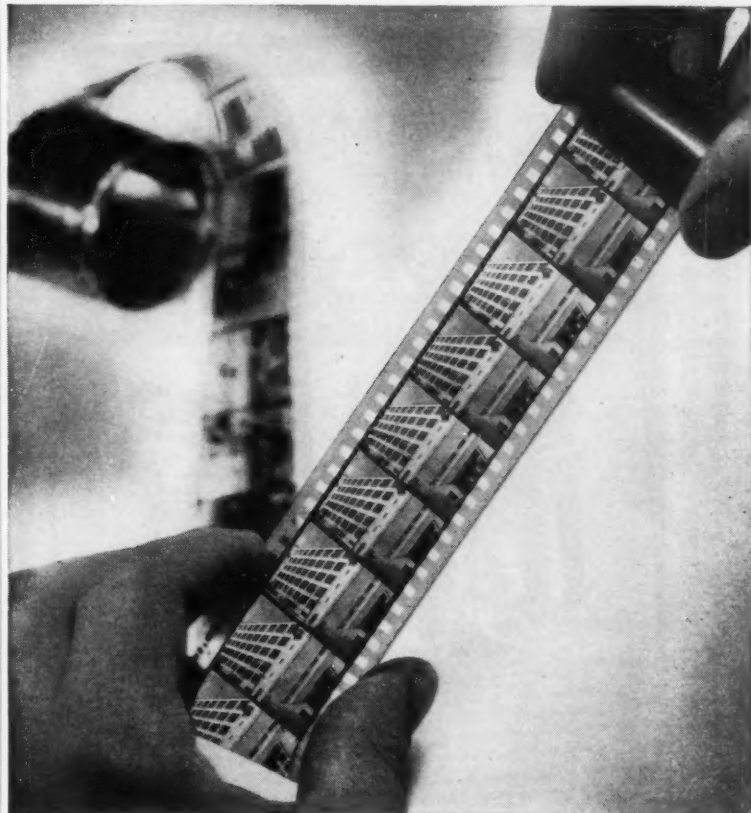
The first step in avoiding damage to utilities, the report states, should be to make a detailed preliminary survey of all utilities and utility structures in the area to be worked. This should be done before job bids are submitted in order to eliminate the necessity of subsequent costly changes in job plans.

However, the report adds, experi-

ence has shown that most utility damage accidents arising out of construction operations have resulted from improper use of modern mechanical equipment in excavation and trench digging, and from blasting operations. Thus, even when the location of utilities is known, employees of the contractor should be properly trained and should have close, competent supervision to assure the safe completion of the work.

The report is one of a series of studies made by the association's special hazards engineering research subcommittee. Each study deals with a particular source of industrial accidents, causes of the mishaps and methods of preventing them.

While the special hazards reports are restricted to association members, local agents of those companies can supply the information on hazardous operations.



WHAT AGENTS ARE SAYING ABOUT THE SPRINGFIELD SALES WORKSHOPS . . .

"Your Workshops are excellent"

"Fine program for men who want to succeed"

"Received several good ideas"

"Gave me a better sales approach"

"Recommend them to anybody"

"More such meetings!"



SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY • SPRINGFIELD, MASS.

NEW ENGLAND INSURANCE COMPANY • SPRINGFIELD, MASS.

MICHIGAN FIRE AND MARINE INSURANCE COMPANY • DETROIT, MICHIGAN

They now have a "moving picture" of their fixed assets

"Your continuous service has preserved our investment in the initial American Appraisal report," writes an eastern client. "We now have a 'moving picture' of our changing property values."

Buildings and equipment undergo constant physical change. Values fluctuate even when there is no physical change. Continuous American Appraisal Service records all changes as they occur, through periodic reports and on-the-spot examinations . . . revises values and accrued depreciation periodically. It will give your client a practical basis for a sound insurance program, providing current figures for insurance coverage and proof of loss.

One of our representatives will gladly show you how this service will help you provide your clients with better insurance protection.

Send for our booklet

"Continuous American Appraisal Service." ®

It's yours for the asking.



Home Office: Milwaukee

Atlanta	Kansas City
Baltimore	Los Angeles
Boston	New Orleans
Buffalo	New York
Chicago	Philadelphia
Cincinnati	Pittsburgh
Cleveland	St. Louis
Dallas	San Francisco
Detroit	Washington

affiliated:

Canadian Appraisal Company, Ltd.
Montreal and Toronto

The Leader in Property Valuation

The
AMERICAN
APPRAISAL
Company

Since 1896... Largest... Most Widely Used

with \$3. not inclu risk Mu president agreed th and the is like unprofit J. A. A of Great volume e stantially which w states: seems to anies go wise, bu writing a notice volume, steadily "From 1956 for has been a large e experie anies. rather s verity o rease in re and unately aggrava of the preceding "The s beco ue not of forei ured th ause o part of particular fleets, Develop combin cies ha many p primary "The ance b certain pan of or a w bly pr ealy e gain s with hi

FOR QUALITY PROPERTY INSURANCE SEE YOUR HOMETOWN AGENT

one package that should be under your tree



It's a package of protection—home insurance in the big economy size! Ask your agent or broker of The Home Insurance Company about a Homeowners or a Comprehensive Dwelling Policy! You'll be amazed at the number of hazards it protects you against—just about everything you have to worry about.

And the part you'll like best is the price. You may already be paying for this protection and not getting it! Your Home agent is an expert—he'll figure out how to get the most value for your insurance dollar!

Give yourself a Christmas present—call your Home agent now! P.S. Even if you rent your home, there's a policy for you.

THE HOME



Insurance Company

Home Office: 59 Maiden Lane, New York 8, N.Y.
FIRE • AUTOMOBILE • MARINE
The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

this advertisement appears in:

AMERICAN HOME
BETTER HOMES & GARDENS
NATION'S BUSINESS
TOWN JOURNAL

BUSINESS WEEK
NEWSWEEK
TIME
U. S. NEWS & WORLD REPORT

Convention Dates

- Feb. 4, Insurance Economics Society of America, annual, Drake hotel, Chicago.
- Mar. 1-2, Tri-State Mutual Agents Assn., annual, Penn Harris hotel, Harrisburg, Pa.
- Mar. 4-5, New Jersey Assn. of Insurance Agents, mid-year, Berkeley-Cartaret hotel, Asbury Park.
- Mar. 6-7, Fire Underwriters Assn. of the Pacific, annual, Sheraton-Palace hotel, San Francisco.
- Mar. 7-9, National Assn. of Surety Bond Producers, annual, Mayflower hotel, Washington, D. C.
- Mar. 17-19, Eastern Agents Conference of NAIA, annual, Statler hotel, Washington, D. C.
- Mar. 20, American Marine Hull Insurance Syndicate, annual, Board room, 99 John street, New York City.
- Mar. 25, Rhode Island Assn. of Insurance Agents, mid-year, Sheraton-Biltmore hotel, Providence.
- April 7-9, Mutual Agents Assn. of New York, annual, Syracuse hotel, Syracuse.
- Apr. 11-12, Ohio Assn. of Mutual Insurance Agents, annual, Neil House hotel, Columbus.
- Apr. 13-17, Iowa Assn. of Insurance Agents, annual, Savary hotel, Des Moines.
- April 28-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.
- April 28-May 1, Colorado Insurers Assn., annual, Cosmopolitan hotel, Denver.
- April 28-May 1, Rocky Mountain Territorial Conference, annual, Cosmopolitan hotel, Denver.
- May 1-5, National Assn. of Public Insurance Adjusters, annual, Saxony hotel, Miami Beach.
- May 2, Midwestern Independent Statistical Service, annual, La Salle hotel, Chicago.
- May 2-4, Louisiana Assn. of Insurance, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 2-4, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.
- May 5-7, Alabama Assn. of Insurance Agents, annual, Battlehouse, Mobile.
- May 5-7, New York State Assn. of Insurance Agents, annual, Syracuse hotel, Syracuse.
- May 6-7, National Assn. of Independent Insurance Adjusters, annual, El Mirador hotel, Palm Springs, Cal.
- May 7, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria hotel, New York City.
- May 9, Surety Assn. of America, annual, Sheraton-Astor hotel, New York City.
- May 10-11, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.
- May 16-17, Arkansas Assn. of Insurance Agents, annual, Arlington hotel, Hot Springs.
- May 17-18, Texas Assn. of Insurance Agents, annual, Statler-Hilton hotel, Dallas.
- May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer House, Chicago.
- May 20-24, National Fire Protection Assn., annual, Statler hotel, Los Angeles.
- May 21, Society of Fire Protection Engineers, annual, Statler hotel, Los Angeles.
- May 22, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York City.
- May 23, National Board of Fire Underwriters, annual, Commodore hotel, New York City.
- May 23-24, Casualty Actuarial Society, spring meeting, French Lick-Sheraton hotel, French Lick, Ind.
- May 26-29, American Assn. of Managing General Agents, annual, Fontainebleau hotel, Miami Beach.
- May 26-30, Insurance Division of Special Libraries Assn., Statler hotel, Boston.
- May 27-29, American Mutual Insurance Alliance, annual, Edgewater Beach hotel, Chicago.
- May 27-29, Federation of Mutual Fire Insurance Companies, annual, Edgewater Beach hotel, Chicago.
- May 27-29, National Assn. of Automotive Mutual Insurance Companies, annual, Edgewater Beach hotel, Chicago.
- May 27-29, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
- June 3-4, Eastern Underwriters Assn., mid-year, Shelburne hotel, Atlantic City.
- June 10-12, South-Eastern Underwriters Assn., annual, Homestead hotel, Hot Springs, Va.
- June 12-15, International Assn. of A&H Underwriters, annual, Lowery hotel, St. Paul, Minn.
- June 12-15, Wisconsin Assn. of A&H Underwriters, annual, St. Paul, Minn.
- June 13-15, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- June 14, Mutual Fire Insurance Assn. of New England, annual, Parker House hotel, Boston.
- June 16-19, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.
- June 20-22, North Carolina Assn. of Mutual Insurance Agents, annual, Mayview Manor and Green Park hotels, Blowing Rock.
- June 27-28, Wisconsin Assn. of Mutual Insur-

ance Agents, annual, Schwartz hotel, Elkhart Lake.

July 4-6, International Assn. of Insurance Counsel, annual, Chalfonte-Haddon Hall, Atlantic City.

Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

Aug. 22-24, Texas Assn. of Mutual Insurance Agents, annual, Shamrock-Hilton hotel, Houston.

Aug. 26-27, South Dakota Assn. of Insurance Agents, annual, Marvin Hughitt hotel, Huron.

Aug. 26-29, Hon. Order of the Blue Goose, International, annual, Roosevelt hotel, New Orleans.

Sept. 5-6, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.

Competitive

... advantage is yours when you sell the Mill Owners Automobile policy . . . because you can give your policy holder complete coverage with savings as high as 10%.

Prompt claim service, fair adjustments and personal assistance from fieldmen make selling easier. It pays to think of Mill Owners Mutual, when you sell automobile insurance. Write for information.



You can discuss your insurance problems with the officers of this company. . . . A company with quality, integrity and friendliness.

PROVIDENCE WASHINGTON INSURANCE CO.

PROVIDENCE WASHINGTON INDEMNITY CO.

20 WASHINGTON PLACE-PROVIDENCE, R.I.



Reinsurers Comment on 1956 Results

(CONTINUED FROM PAGE 14)

with \$3.8 million in 1955. This does not include participation in Improved Risk Mutuals. J. W. Pritchett, vice-president, states: "It is generally agreed that the loss ratios are higher and the business is highly competitive. It is likely there will be a period of unprofitability for the reinsurers."

J. A. Munro, president of Prudential of Great Britain, observes that the volume of his group will not be substantially different from last year, which was just over \$10 million. He states: "From our observation this seems to be the experience of companies generally, not only reinsurance-wise, but also on the part of primary-writing companies, which are seeing a noticeable leveling-off of premium volume, following many years of steadily increasing volume."

"From a loss viewpoint, the year 1956 for fire reinsurance companies has been particularly poor, which to a large extent is but a reflection of the experience of primary-writing companies. This has been the result of a rather substantial increase in the severity of fire losses and also an increase in general loss frequency in the fire and windstorm coverages. Fortunately this situation has not been aggravated by any Atlantic hurricanes of the severity of those in the two preceding years."

"The American reinsurance market is becoming increasingly competitive due not only to the increasing number of foreign reinsurers which have entered the market here, but also because of the continuing trend on the part of primary writing companies, particularly the larger insurers and fleets, to write reinsurance business. Development of the various forms of combined coverages and package policies have also created for reinsurers many problems, just as they have for primary insurers."

"The trend in the casualty reinsurance business seems particularly uncertain. After emerging from a long span of unprofitable years, the results for a while seemed to show up reasonably profitable, however, with the casualty experience of primary carriers again showing signs of falling off and with higher reinsurance loss ratios be-

coming evident, it may be that the profitable cycle will not be of long duration."

"Claims costs under third party liability and workmen's compensation insurance continue to be affected seriously by inflation, the impact of which is perhaps greater upon reinsurers than upon primary writers. This, together with an increase in the claim frequency, brought about by an increase in the awareness on the part of the insuring public of the high loss potential in third party liability accidents, is having a double-barreled effect as respects the claims against many insurers. This condition will in time be corrected, but in the meantime the reinsurers are faced with the dilemma of, on the one hand, insisting on high retentions and increased rates, and on the other hand having to face severe competition by keeping rates at a low and inadequate level."

Roy L. Faulks, vice-president Seibels, Bruce & Co., expects \$22 million gross and \$11 million net, distributed about equally between South Carolina, the U. S. branch of Copenhagen, and Consolidated American.

Alfred Dowrie, vice-president of Underwriters Ins. Co., expects written premiums to be about \$1.4 million compared with \$926,345 in 1955. He states: "While our 1956 reinsurance assumed profit ratio has been satisfactory to date, we are inclined to be pessimistic on reinsurers' prospects for 1957. Reinsurers have been fortunate in the relatively small number and size of catastrophe losses incurred during 1956. Reinsurers' normal profit margin is being reduced by increased competition, which has led to higher commissions on pro rata reinsurance and lower rates on excess of loss reinsurance. It seems probable that an average annual toll of catastrophe losses in 1957 would find reinsurers with insufficient normal profit margins to offset them."

"In reinsurance the competitive factors effecting direct business have been accentuated by the proportionately large number of new companies in the field. Recovery abroad has led to the entry in this country of a growing number of European reinsurers."

With direct business costing more, reinsurance has become more attractive to direct writing companies and they have expanded their reinsurance writings.

"The above is our attitude from the viewpoint of a reinsuring company. We buy reinsurance in connection with our direct operations and those of our affiliates. From the viewpoint of a reinsurance buyer we think that the capacity of reinsurance markets has not kept pace with the inflationary trend and the increasing concen-

trations of risk. While the U. S. reinsurance market is developing, this, together with the recovery of the European markets still seem to us to fall short of American reinsurance needs on very large risks. It is strange to complain about competition on the one hand and then on the other complain about the absence of sufficient market. Perhaps in this double complaint there is a lesson that American reinsurers should tend to relieve competitive pressures by being more versatile

(CONTINUED ON NEXT PAGE)

Celina-ize

YOUR AGENCY

National Mutual and Celina Mutual



Your Results will be Profitable

When you Celina-ize your agency, you add stature to your leadership... become impregnable, dynamic, powerful... and make more money.

Why? How? When?

Ask our fieldmen, or write for information to C. M. Montgomery, Secretary-Manager.

The National Mutual Insurance Company
The Celina Mutual Insurance Company
CELINA, OHIO

Operating in Ohio, Indiana, Kentucky, Michigan, Pennsylvania,
West Virginia, Maryland, and District of Columbia

KURT HITKE & COMPANY, INC.

NATIONWIDE INSURANCE SERVICE

GENERAL LIABILITY—TAXIS—TRUCKS—BUSSES—FINANCIAL RESPONSIBILITY—SURPLUS LINES



STRONGER THAN ANY SUIT

Just as a diver relies on his suit for protection against the perils of water and pressure, so do businessmen and property owners count on Water Damage insurance to guard their property and to protect themselves financially against liability for damage or destruction caused by water.

Illinois R. B. Jones has the facilities and the staff to give you unparalleled service on your Water Damage cases, whether it's for buildings and contents, legal liability, or both. So don't let the problems of Water Damage insurance dampen your enthusiasm, for a quick answer and a quote that will sell . . . bring the case to Illinois R. B. Jones, Inc.

Illinois R. B. Jones Inc.

175 W. Jackson Blvd., Chicago 4, Ill. • WAbash 2-8544

C. Reid Cloon, President

1401 Peachtree St. N.E., Atlanta, Ga. • Emerson 2584

William E. Lersch, Vice-President



REPRESENTING
Lloyds London

For a progressive program . . .

THE New Zealand INSURANCE COMPANY LIMITED

UNITED STATES HEAD OFFICE
SINCE 1875
SAN FRANCISCO

MULTIPLE LINES

(CONTINUED FROM PRECEDING PAGE)

and more courageous in their acceptance of large individual lines.

Another reinsurer comments: "While our reinsurance premium volume reflects some expansion, the reinsurance underwriting results suffer by comparison. Throughout 1956 the persistent inflationary pressures which began during 1955 have been evident in loss settlement and awards. Currently, the automobile line shows most clearly the steady upward trend of values.

"However much we might like to be optimistic, there seems to be no prospect for a reversal of this direction within the immediate future. In a highly competitive reinsurance market, we may expect difficulty in the underwriting field for some time to come."

Other estimates are:

Agency Managers Ltd., \$3,750,000 written premiums compared with \$3,250,000 gross for 1955.

Constellation, \$1.5 million net premiums, compared with \$1 million for 1955.

Constitution, \$2.6 million net premiums, compared with \$2.3 million for 1955.

General Re, 7% increase over 1955. Inter-Ocean Re, about the same as 1955.

Munich Re, \$1.1 million for 1956. Was not operating in the U. S. in 1955. Nordisk Re, \$550,000 net premiums, compared with \$300,000 for 1955.

North American Re, \$29,660,000 net for 1956.

Northeastern, \$9.7 million, compared with \$9.4 million.

Peerless, \$4.5 million for 1956.

Security Mutual Casualty, \$7,177,500, compared with \$6,491,197, including excess and reinsurance business.

Sequoia, estimated premium volume on reinsurance \$100,000. For the nine months, combined loss and loss adjustment ratio of 53.3%.

Swiss Re expects \$32 million gross, plus \$700,000 gross on ocean marine.

Transatlantic Re, \$2.6 million, compared with \$1,650,000.

Ultramar Inter-American, about \$3 million, compared with \$2.5 million.

Conrath Heads N. Y. Surety Managers Unit

Guy E. Conrath, American-Associated, is the new president of Surety Managers Assn. of New York City succeeding Joseph R. Ascuitto, Employers group. Samuel M. Williams Jr., Maryland Casualty, is vice-president, and John F. Beardsley, Hartford Accident, secretary-treasurer.

WHY YOU'LL LIKE TO STAY AT

The
Lord Baltimore
HOTEL



When you check in here, you'll be joining most of Baltimore's famous visitors.
Teletype: BA263.

Wm. H. McGee & Co., Inc.

MARINE UNDERWRITERS

111 John Street, New York 38, N.Y.

Atlanta	Los Angeles
Baltimore	Manitowish
Boston	New Orleans
Chicago	Philadelphia
Columbus, O.	Pittsburgh
Dallas	San Francisco
Houston	Seattle
	Toronto



OCEAN MARINE
INLAND MARINE
HOMEOWNERS' COMPREHENSIVE
MANUFACTURERS OUTPUT
and similar covers

Service Guide

THE LAWRENCE WILSON COMPANY
Managing General Agents
"Unexcelled Insurance Facilities"
SERVICE TO LOCAL AGENTS
AND BROKERS EXCLUSIVELY
First National Bank Bldg., Tulsa 3, Okla.

ROBERT I. BUSHNELL
Consultant to
Insurance Companies
MULTIPLE LINE COORDINATION
Haydens Hill Road Fairfield Connecticut
Clearwater 9-8852

"CHOOSE YOUR COMPANY AS YOU CHOOSE YOUR FRIENDS"

WEST BEND MUTUAL FIRE INSURANCE COMPANY

WEST BEND, WISCONSIN

STANDARD — UNIFORM
NON-ASSESSABLE POLICIES

Chas. W. Walter
President

RATED BY "BESTS"
"A" + EXCELLENT



ESTABLISHED 1894

UNEXCELLED SERVICE
AN AGENCY COMPANY

Robert S. Barber
Secretary

PREFERRED RISKS
SPECIAL RATES

WE INVITE AGENCY INQUIRIES IN FLA.-ILL.-IND.-IOWA-KY.-MINN.-TENN. AND WIS. CERTAIN TERRITORIES OPEN FOR AGENCY REPRESENTATION.

NAIA Hears Report on "Ad" Proposal

(CONTINUED FROM PAGE 1)

ary, was on hand with members of the NAIA staff.

The executive committee also discussed flood indemnity, taxes on prepaid income, atomic energy insurance, federal employee group insurance, various other group insurance proposals, and reports of several committees.

The executive committee accepted the offer of New Orleans Insurance Exchange to institute a Walter H. Bennett annual memorial award for outstanding local board activity and accomplishment. Requirement and rules of the contest will be determined by the executive committee.

Mr. Hanson reported that a brief had been filed by NAIA in the case of FTC vs American Hospital & Life. The executive committee has appointed Lawrence F. Smith as educational director of NAIA. In addition to his duties as staff secretary of the educational committee, Mr. Smith will serve as secretary to the agency management, property and casualty committee.

Howard N. Fullington of Wichita, chairman of the casualty committee, reported results of meetings with National Bureau of Casualty Underwriters and National Automobile Underwriters Assn.

As part of his report as chairman of the property committee, George A. Timm of Kenosha, Wis., discussed a recent meeting with Inter-Regional Insurance Conference, one subject of which was a new rating method for wellings. Inter-Regional has been urged to continue seeking a solution to this problem. He also discussed with Inter-Regional the commercial property form and urged that business interruption forms be simplified to eliminate misunderstandings of the coverage. He has forwarded to Inter-Regional the many complaints of agents that mortgage and lending institutions are charging a fee for processing homeowners or are refusing to accept them.

Mr. Timm met with Inland Marine Underwriters Assn. on several subjects and also conferred with representatives of Interbureau Insurance Advisory Group.

It is doubtful that federal flood indemnity can be made available to the public before spring due to complex legal, rate making and form problems, Maurice G. Herndon, NAIA Washington representative, reported. Some delay has been experienced in obtaining qualified staff personnel to handle the program. Acknowledgement of the insurance industry's objections to calling this a federal flood insurance program, he said, is reflected in the official name of the federal activity, now known as the Flood Indemnity Administration.

The NAIA tax counsel, Charles W. Tye of Joseph Froggatt & Co., recently appeared before the subcommittee of the House ways and means committee on internal revenue. Mr. Herndon said that one thing that seemed to disturb Rep. Mills, chairman of the subcommittee, in his questioning of Mr. Tye, was the fact that the Treasury Department feared re-enactment of the substantive portions of sections 452 and 462 would result in considerable loss of revenue to the government. Mr. Tye stated that possibly in the first year of enactment, "there might be a small loss of revenue," but that "over a period of years this would level out." Mr. Tye further observed that this alleged loss

of revenue to the federal government could be almost entirely eliminated by enactment of a period of transition, even up to five years, for this new tax legislation on prepaid income to take effect.

Mr. Mills asked "how extensive would be the relief to local insurance agents if either or both of these sections were enacted into law?" Mr. Tye replied that he could not be specific as to amounts, but stated that the NAIA had received hundreds of letters from local agents indicating that relief would be widespread.

Mr. Herndon reported that Mr. Mills had indicated some time ago a real interest in "fulfilling our (Congressional) obligation to reenact the substantive portions of section 452 and or 462 as promised by the Congress and by the Treasury at the time these two sections were repealed."

Fear that private atomic industry will slow down if there are any roadblocks to availability of insurance has been expressed in Washington, according to Mr. Herndon. Rep. Cole of the joint atomic energy committee has indicated that failure to enact an indemnity bill in the coming session would be a crippling blow to the expansion of the atomic energy industry.

Group health insurance, the cost of which is now being studied by the government's general accounting office, is not the only facet of government financed coverage in the offing for federal civilian workers, according to Mr. Herndon. Further liberalization of the group life plan, he said, is considered likely as the rate of surplus approaches \$50 million a year after only two years of operation. Under the law this surplus is set aside in a special contingency reserve fund in the Treasury, he said, and the rapid buildup is already being eyed by members of the two Congressional civil service committees. He indicated that a look at ways and means of disposing of any surplus above needed reserves is considered likely next session, and qualified sources forecast that Congress will be guided strictly by the wishes of the government employee groups. One possibility, he said, is adoption of last year's proposal by the administration for a major medical health program tied in with group life.



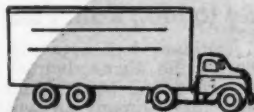
Our Fieldmen Help Agents Sell Insurance to Value

All of our fieldmen are qualified to help you with valuation estimates. For example, Fred Boger, State Agent for The Phoenix of Hartford Insurance Companies, assisted Lawton Sargent, Jr., of the Ellithorpe agency, in New Haven, Connecticut prepare an estimate of value. This service safeguarded the owner and enabled Sargent to increase the insurance on the house by 16%. At the same time, the owner added \$2,000 on household contents. For another assist—send for our "Replacement Cost Guide."

THE Phoenix
OF HARTFORD INSURANCE COMPANIES
2412 Woodland St., Hartford 15, Conn.
The Phoenix Insurance Company
The Connecticut Fire Insurance Company
Equitable Fire & Marine Insurance Company
Minneapolis Fire & Marine Insurance Company
Reliance Insurance Company of Canada
All forms of Insurance except Life



GASOLINE



LONG HAUL

Our automatic treaties combine, on a quota share basis, American Stock Companies and Lloyd's, London, providing strength and security for you and your insureds. The classes of coverage listed below are merely a few of those available to your agency.

Long Haul Trucks
Butane and Propane
General Liability

Anhydrous Ammonia
Busses
Products

Unusual and Hazardous Lines, Liability and Physical Damage

OFFICES TO SERVE YOU IN

Albuquerque	Denver	Seattle
Atlanta	Los Angeles	St. Louis
Dallas	Oklahoma City	And More To Come

Homer Bray Service, Inc.

P. O. Box 1008

HOME OFFICE

Albuquerque, New Mexico



NEWS OF FIELD MEN

Travelers Advances 29 To Higher Positions

Twenty-nine appointments and two changes in casualty, fidelity and surety and fire and marine have been effected by Travelers.

Field supervisors promoted to assistant managers are Robert L. Ball at Albany, Donald A. Edwards and Earl L. Miller at Cleveland, Donald R. Stephens at Philadelphia, J. Burns Smith at Lubbock, H. Wallace Parker at San Diego, Edward C. Rinck II at Wilshire, Cal., R. Ned Brooks and Jack W. Impey at South Bend, John R. Koller and Paul A. Naab at Minneapolis, Richard A. Beardsley at Phoenix, Frederick T. Verna at New Orleans, H. Craig Knop at Des Moines, C. Eugene Askins Jr. at New York, James E. Osgood at Oklahoma City, Ralph C. Gardner Jr. at Pittsburgh, Sylvester A. Breen at Montreal, John Sylvain at Ottawa, and J. Ross Keilty at Toronto.

Assistant managers advanced to superintendents are John D. Quill at Jacksonville, Harl L. Toler Jr. at Min-

neapolis, Joseph J. Bass Jr. at Charlotte, John F. Dickey at Cleveland, and Asher A. Michelbacher at Philadelphia.

Field supervisors appointed are Richard W. Schmidt at St. Louis, Miles V. Murphy Jr. at Boston, Edward B. Barker at Dallas, and Fred C. Meister Jr. unassigned.

William J. Marsh, a field supervisor in fidelity and surety has added casualty. Assistant manager Warren M. Hummell has shifted his headquarters from Seaforth, L.I., to North Merrick, L.I.

Phoenix, Eng., Appoints Balla Indiana Special

Phoenix of London group has appointed Edward J. Balla special agent for Indiana under Robert J. Bell, manager of the group's offices at 814 Merchants bank building, Indianapolis.

Tomlinson to Indiana

Omer V. Tomlinson has been appointed special agent in Indiana for

the farm and hail departments of Great American. With the company since 1954, Mr. Tomlinson will headquarter with District Manager Robert S. Hughes in Indianapolis.

New America Fore Canada Manager

America Fore group has named William E. Matchett manager for Canada. He succeeds William E. D. Baldwin, manager since 1916, who is retiring.

With America Fore for more than 27 years, Mr. Matchett is secretary of Continental, Fidelity-Phoenix and Niagara Fire. Mr. Baldwin began his career in England, joined America Fore in 1912, and has been for some years regarded as the dean of Canadian insurance. He relinquishes his managership Jan. 1 but will remain in active status through June 30.

Mr. Matchett went to America Fore as a special agent in 1929, later assuming duties at Chicago, where he became manager of the brokerage department in 1949 and was appointed assistant secretary of the group in 1951. He was named secretary in 1953.

Three Hartford Fire Field Men to Retire

Three Hartford Fire special agents, Richard B. Apperson at Wheeling, W. Va., H. G. Hix at Oklahoma City and Alfred B. Potts at Sedalia, Mo., will retire Jan. 1.

Mr. Apperson joined the company in 1922 after working in a local agency and in Kentucky Actuarial Bureau. He was in the Kentucky and Indiana fields before being assigned to West Virginia 27 years ago.

Mr. Hix went to the company in 1921 after working with the inspection bureaus of Kentucky, Tennessee, Wisconsin, Indiana, Missouri and Kansas. He left the company in 1927 to join a local agency in Tulsa, but returned in 1942 as a special agent.

Mr. Potts has been with the company for 42 years. He started in insurance as a local agent in Rocheport, Mo.

Crockett Now State Agent in Maryland

Fire Association group has appointed E. Berkley Crockett state agent for Maryland. He has been special agent in this territory since joining that group in 1955. He will make his headquarters at 1206 Fidelity building, Baltimore and will operate under the general supervision of Paul C. Thomson who now devotes full time to his duties as regional manager for Virginia, Maryland, District of Columbia and West Virginia.

Name Stanton to Pa., N. J. Kennedy to Mo., Kan. Field

Central National has appointed J. P. Stanton to the Pennsylvania and New Jersey field and M. R. Kennedy to represent the company in western Missouri and Kansas. Mr. Stanton attended the Wharton school and prior to coming to Central National he was in the automotive industry. He will be located in Philadelphia. Mr. Kennedy, with 20 years experience in insurance, finance and loan fields, will have offices in Kansas City.

Name Sullivan at Albany

Francis J. Sullivan Jr. of Peerless Ins. Co. has been named casualty field man at Albany to replace Thomas E. Moffett, recently appointed home office representative for New Hampshire.

Mr. Sullivan joined the company in 1953 as a claims adjuster in Augusta, Me. For the past year he has been a

trainee in the fire and casualty department at the Peerless home office.

Bogus in Kansas for N. Y. Underwriters

New York Underwriters has appointed Edward J. Bogus, special agent for Kansas to assist State Agent J. A. Reid.

Mr. Bogus, after completion of the special home office training course, was assigned to Chicago, where he received further training and field experience. He will maintain headquarters in Kansas City.

Pacific Natl. Has Changes

Frank E. Bolton has been named by Pacific National to replace Robert D. Harwood as special agent in eastern Tennessee at Nashville. Mr. Harwood has been appointed agency supervisor of the company's southern division with David R. Guard has been transferred

WANT ADS

Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

MULTIPLE LINE SPECIAL AGENT FOR MISSOURI

Excellent opportunity for experienced Multiple Line Fieldman. Salary open plus employee benefits. Submit resume, complete employment and educational background. Our employees know of this advt. Box R-70, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITING MANAGER

A Midwest Mutual company writing Multiple Line has an opening for an Underwriting Manager. The man we are looking for has executive potential and a better than average knowledge of Fire, Marine and Liability Lines. He has Supervisory experience and is a college graduate with 10 to 15 years underwriting background. Salary is open for discussion. Address Box R-83, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

FIRE FIELDMAN IN OHIO

Wonderful opportunity for well qualified and experienced fire fieldman. Ohio territory for multiple line stock company. All correspondence will be treated confidentially. Reply in detail to Box R-92, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY UNDERWRITER

General Agency covering four states needs man to head new auto and casualty department. It will lead to company home office. Mail qualifications and salary desired to P.O. Box 2237, Central Station, Kansas City, Missouri.

NORTHERN ILLINOIS

Old established stock company has opening for experienced Fieldman in Northern Illinois excluding Cook County. Prefer man between 30-45 years of age. Please state education and experience. Write J. L. Brown, Jr., The Camden Fire Insurance Association, 5th and Federal Streets, Camden 1, New Jersey.

CASUALTY UNDERWRITER

Excellent opportunity for man with 1 to 4 years Casualty Underwriting experience to become associated with and advance in progressive company in Northern Indiana. Submit resume of experience, education and salary requirements to Box R-94, c/o The National Underwriter Co., 175 W. Jackson Blvd. Chicago 4, Ill.

Reinsurance

Casualty. Fire. Marine. Miscellaneous

•

Pro-Rata—Quota Share—Excess Loss Treaty and Facultative

•

Excess Covers Including Steam Boiler, Fleet, Motor Cargo, Aggregate, Liability, Workmen's Compensation

•

DOMESTIC AND FOREIGN MARKETS

•

EXCESS UNDERWRITERS, INC.

Howard E. Mamkin, Executive Vice-President
175 W. Jackson Boulevard, Chicago, Ill.

LEONHART AND COMPANY, INC.

REINSURANCE

TREATY • FACULTATIVE

CATASTROPHE • SPREAD LOSS

SURPLUS • EXCESS • QUOTA SHARE

BALTIMORE, 3
SOUTH & WATER STS.
AXataga 7-3500

NEW YORK, 5
27 WILLIAM ST.
HANover 7-6804

partas special agent at Charlotte, N.C., to the Georgia field with headquarters in the southern division office at Atlanta.

Peterson Takes W. Ky. for Hanover Fire

Special S. M. Peterson Jr. has been appointed state agent for Hanover Fire and Fulton in western Kentucky, succeeding H. W. Robertson, who will retire Dec. 31. Mr. Peterson will continue offices in Henderson, Ky. He was with Michigan Inspection Bureau and was special agent and operated an agency in Indiana for several years.

Himes Is Promoted

Lucian W. Himes, special agent for several years at Seattle for American Bonding, has been appointed assistant manager of that branch. He joined American Bonding at Seattle in 1953 following several years with U. S. State Department.

Keith Director of M.&M.

Willard W. Keith, president of Marsh & McLennan-Cosgrove & Co. of Los Angeles, has been elected a director of Marsh & McLennan, Inc.

Mr. Keith was formerly president of Cosgrove & Co. which merged with Marsh & McLennan's Pacific coast organization in September. He is also a director of Lockheed Aircraft Corp., Ojai Hotel Co., Hoffman Electronics Corp., Hilton Hotels Corp., National Theatres Inc., Metropolitan Coach Lines, Oceanarium Inc., American-Hawaiian SS Co., and a trustee of University of Southern California.

Robert Deppe has been named vice-president and a director of Bowersox Agency, 3537 South Kingshighway, St. Louis.

Frakes Heads Bond Information Unit

William F. Frakes will become manager of Bureau of Contract Information at Washington, D. C., on Jan. 1, when W. D. Dean, general manager since 1940, retires.

Mr. Frakes, after working with contractors in Kentucky, Iowa and New Mexico, joined Southern Surety at Des Moines in 1927. Subsequently, he was with Home Indemnity as assistant manager of fidelity and surety in New York City. He joined National of Hartford in 1945 as superintendent of fidelity and surety, and held the rank of secretary when he resigned from the group last September to go with Bureau of Contract Information.

Mr. Dean has done much in the past 16 years to enhance the prestige of the bureau as the national clearing house for information on contract performance and business standing of contractors. He entered surety in 1922 when the engineering firm with which he was connected was retained by Southern Surety to supervise completion of a defaulted contract. He was placed in charge of that project and after its completion joined Southern Surety as consulting engineer and later as head of its bonding department. When Southern Surety went into liquidation in 1932, he returned to construction and later joined Bureau of Contract Information.

Civil Service Employees has moved its home office to 989 Market street, San Francisco. This is a six-story building the company acquired earlier in the year. It is being remodelled to fit the needs of the company.

Incomparable Service

to

Brokers

☒ Plate Glass

☒ Liquor Liability

☒ O. L. T.

Robert P. Butts & Co. GENERAL INSURANCE

5th & Capitol Springfield, Illinois 4-3411

175 W. Jackson Blvd. Chicago, Illinois WE 9-5552

Managing General Agents Lincoln Casualty Co.

COMMON SENSE

... A quality most successful successful insurance agents have in common

Sometimes we're amazed at the lack of common sense in high places. More than any single virtue, common sense can help insurance men do more things right—and fewer things wrong. Such as in the selection of companies to represent, for instance.

PAN AMERICAN

Fire & Casualty
Company



Insurance
Company

EARL W. GAMMAGE, PRESIDENT

P. O. BOX 1662

T. EARNEST GAMMAGE JR., EXEC. V. P.

HOUSTON 1, TEXAS

DIRECTORY OF RESPONSIBLE INDEPENDENT ADJUSTERS A

CALIFORNIA

W. C. QUIGG & ASSOCIATES

248 Spreckles Theatre Bldg., San Diego 1, Calif.
Telephone BE 2-5138

Service Office: 120 N. Orange Ave., El Cajon
Telephone HI 4-3139

ADJUSTMENTS — ALL LINES

Member Calif. Assoc. Independent Adjusters

INDIANA

JOHN H. HUNT & CO.

330 S. Wells St. Chicago 6, Ill.
Investigators and Adjusters

ALL CASUALTY LINES

Servicing Chicago & vicinity, Waukegan, Ill., Gary, Hammond and Northwestern Ind.
Waukegan Branch: 1228 W. 5th St.
4 S. Genesee St. Tel. Turner 2-9338
Tel. Delta 6-8822
24 Hour Service
Phone Harrison 7-0153 Night—TFRace 4-7840

NEVADA

R. L. GRESHAM & CO.

Multiple Line Adjusters

312 North 5th Street

Las Vegas, Nev.

Servicing Beatty and Plocha, Nevada—St. George and Cedar City, Utah—Kingman, Arizona—Needles and Baker, California, and Intermediate Points

OHIO

O. R. BALL, INC.

Fire — Inland Marine

Allied Lines

1544 Hanna Building

Cleveland 15, Ohio

Phone Superior 1-7850

Night Phones: MONTrose 3-7664

Florida 1-5095

THOMAS D. GEMERCHAK

Insurance Adjustments

All Lines

416 Citizens Bldg., Cleveland 14, Ohio

Phones Off. Su. 1-2666 — Res. Fa. 1-9442

OKLAHOMA

C. R. WACKENHUTH AND SON

C. R. WACKENHUTH R. C. WACKENHUTH

ADJUSTERS FOR THE COMPANIES

ALL LINES

301 Mid-Continent Bldg., Tulsa, Oklahoma

Phones LU 2-5460 GI 7-3850

UTAH-IDAHO

SCOTT WETZEL CO. UTAH-IDAHO INSURANCE ADJUSTERS

428 So. Main - Salt Lake City, Utah

Tandy & Wood Bldg. - Idaho Falls, Idaho

Sonnenkalb Bldg. - Pocatello, Idaho

TORONTO-CANADA

ADAMSONS, LTD.

Established 1891

Fire-Inland Marine-Casualty

& Auto-ADJUSTERS

10 Lines to Serve you.

Our cars are equipped with radio

for fast efficient service.

Phone: EMPIRE 3-6223

LIVINGSTONE

ADJUSTMENT SERVICE

619 E. Capitol Ave., Springfield, Illinois

Branch Offices: Decatur — Mattoon —

Mt. Vernon — Belleville — Quincy

Covering Central and Southern Illinois

All Lines of Fire & Casualty

JOHN H. HUNT & CO.

330 S. Wells St. Chicago 6, Ill.

Investigators and Adjusters

ALL CASUALTY LINES

Servicing Chicago & vicinity, Waukegan, Ill., Gary, Hammond and Northwestern Ind.

Waukegan Branch: 1228 W. 5th St.

4 S. Genesee St. Tel. Turner 2-9338

Tel. Delta 6-8822 24 Hour Service

Phone Harrison 7-0153 Night—TERRace 4-7840



JAMES J. HERMANN CO.

175 W. Jackson, Chicago

HARRISON 7-9381

Aurora, Ill.—Merchants Nat'l.

Bank Bldg.—Aurora 6-5125

Waukegan, Ill.—110 N. Genesee St.

MAJestic 3-4540

Joliet, Ill.—Morris Bldg.

Joliet 6-2613

Ottawa, Ill.—Central Life Building

Ottawa 1474



J. R. McGowan, Pres.

THOMAS T. NORTH, INC.

Adjusters All Lines

Phone Harrison 7-3230

175 W. Jackson Blvd., Chicago 4



J. L. FOSTER & R. K. FOSTER

Insurance Adjusters

First National Bank

Building

Springfield, Illinois

Tel. 8-7555

Fire Inland Marine Casualty

National Fire Elects Tuchbreiter, Smith to Top Board Posts

National Fire has elected Roy Tuchbreiter, chairman, and J. M. Smith, president, of Continental Casualty, to



J. M. Smith



Roy Tuchbreiter

the board of directors and has named them chairman and vice-chairman, respectively, as a result of the recent stock exchange offer. Similar action was taken by Transcontinental, wholly-owned affiliate of National Fire.

National Fire will continue as a Connecticut corporation with administrative offices in Hartford. E. H. Forkel will continue as president and chief executive officer.

Mr. Tuchbreiter has been with Continental Casualty since 1915. He is also chairman of Continental Assurance, Transportation Ins. Co. and United States Life.

Mr. Smith has spent his entire insurance career with Continental Casualty. He is also president of Transportation and a director of Continental Assurance.

400 Attend Safety and Fire Protection Seminar at Chicago

The safety and fire protection seminar sponsored by the Chicago chapter of Society of Fire Protection Engineers and five other Chicago safety and engineering organizations, including American Society of Safety Engineers and Society of Casualty Safety Engineers, was attended by 400 persons in its three sessions this month at Chicago. The turnout was 100 more than the program had been set up for originally.

Elmer F. Reske, manager of Cook

County Inspection Bureau, was general chairman, with A. R. Graham of Bituminous Casualty in charge of the casualty program and Charles Shukes of the inspection bureau in charge of fire.

The three sessions on plant safety and fire protection drew a large attendance from industrial and manufacturing organizations and from the Chicago fire department as well as insurance people. Among the insurance men taking part in the program were Milton B. Hofmann of General Accident; Richard W. Snyder of Employers Mutuals of Wausau; E. N. Searl of Western Actuarial Bureau; Arnold Selan of Underwriters Laboratories; William Dugan of Employers Mutuals; Henry L. Novak of General Accident; Mr. Graham; and G. M. Woods of Factory Insurance Association.

Fancy Changes Suggested for Montana WC Law

HELENA—Oliver Sullivan, Montana labor commissioner, in his report to the governor, makes a number of suggestions for changes in the workmen's compensation act including abolishment of the private insurance plan. His other suggestions are for a schedule of maximum attorney fees for WC cases, prohibition of lump sum settlements in all cases of total disability, abolishment of the present schedule loss tables and replacement of them with an improved loss of income section for partial disability, additional compensation for workers with large families, elimination of limits on medical payments, and a revision to integrate WC with other social insurance systems, such as social security.

Tenn. Bar Group To Back UJF Legislation

Tennessee State Bar Assn. will draft and support legislation to give the state an automobile unsatisfied judgment fund. The association's central council also has approved a proposed amendment to the Tennessee financial responsibility law increasing the present 5/10/1 to 10/20/5.

The proposed UJF legislation will be modeled on New Jersey and Manitoba laws and would require car owners to pay a \$1 annual fee if they have liability coverage, \$3 if not. Claim maximums would be 5/10/5. The proposed bill also would permit confiscation of the vehicle of an uninsured driver to the exclusion of any lien held by a finance company or bank.

Harvey Is V-P of National, to Take Over Casualty

Robert W. Harvey has been elected vice-president of National Fire and



Robert W. Harvey

Transcontinental. He began his career in 1923 with Indemnity of North America in the midwest and later joined Aetna Fire at the time of the organization of Century Indemnity. In 1932 he joined Continental Casualty in Chicago and, after serving as a field man in Ohio, returned to Chicago in 1938 as superintendent of agencies. Later he was elected assistant vice-president.

In his new position, Mr. Harvey will be in charge of the casualty and fidelity and surety operations of the companies. He will move to Hartford shortly after Jan. 1.

Church Fire to Cost Insurance \$200,000

Fire damage to the historic First Methodist Church at Trenton, N. J., is estimated at \$200,000, fully insured. This was the first of four Trenton churches set ablaze by what police described as a "fanatic firebug." The First Methodist was damaged the most.

Three of the four churches fire by the arsonist shortly before Christmas were within three blocks of one another.

Mid-South Insurance Office agency of Memphis has moved to the Centre building, 673 South Cooper street.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Dec. 26, 1956

	Bid	Asked
Aetna Casualty	121½	123½
Aetna Fire	60¾	62
Aetna Life	173	176
Agricultural	27½	28½
American Equitable	31	32½
American, (N.J.)	23	24
American Motorists	10½	11½
American Surety	16½	17½
Boston	31½	32½
Camden Fire	25	26
Continental Casualty	79½	81
Crum & Forster com.	57½	59½
Federal	31¾	32¾
Fire Association	42	43
Fireman's Fund	46¾	47¾
Firemen's, (N.J.)	32¾	33
General Reinsurance	43¾	44½
Glens Falls	67½	69
Globe & Republic	17½	18½
Great American Fire	31½	32½
Hartford Fire	136	138
Hanover Fire	34¾	35¾
Home (N.Y.)	40¾	41¾
Ins. Co. of No. American ..	93	95
Maryland Casualty	30¾	31¾
Mass. Bonding	28	29
National Casualty	63	Bid
National Fire	85	88
National Union	36	37
New Amsterdam Cas.	40½	42
New Hampshire	35	37
North River	30¾	32
Ohio Casualty	22½	25
Phoenix Conn.	65½	67
Prov. Wash.	18½	19½
St. Paul F. & M.	45	46
Securty, Conn.	30	32
Springfield F. & M.	44¾	45½
Standard Accident	47	48
Travelers	70¾	71¾
U.S.F. & G.	62½	63½
U. S. Fire	23¾	24¾

DEATHS

THOMAS M. DUNCAN, 70, owner of the Duncan & Swain adjustment company of Evansville, Ind., died. He was a pioneer in the independent adjusting business, having opened his own office in Evansville in 1928. He was a charter member of National Assn. of Independent Insurance Adjusters, having assisted in forming its rules and by-laws. He had formerly been with Travelers. Mrs. Duncan, who has been active in the firm, will continue to operate the business with the same personnel.

JOSEPH T. GEOGHEGAN, 51, chief examiner of Connecticut department died in his home in West Hartford after a long illness. He was with Automobile when he joined the department in 1925 as an examiner. He was named principal examiner in 1944 and chief fire insurance examiner in 1949.

A. W. WALTON MARSHALL, 81, local agent at Greenwich, Conn., died there. He was past president of Greenwich board and past president of Rotary Club there.

RICHARD V. CLARK, 46, St. Louis broker, died suddenly there.

HARRY L. ANDERSON, 55, state agent for London & Lancashire in eastern Massachusetts, died. He joined the company in 1937.

JOHN A. ROSS, 54, secretary-treasurer of American Independent Mutual Casualty and American Indemnity Life of Philadelphia died at his home in Yeadon, suburban Philadelphia.

E. W. RAYNOLDS, 72, retired partner of Herberich, Hall & Harter agency of Akron, died in Tryon, N. C. He started in insurance with Glens Falls in 1910.

ROBERT T. RAWLEY, 52, executive secretary of Insurance Society of Massachusetts and broker for 20 years died at his home in Boston.

ALBERT A. NODINE, 50, local agent in Lockport, N. Y., for many years, died there. He was past president of the Lockport Board.

JEROME G. MEYER, 63, a partner in General Insurers of St. Louis and one of the founders of the agency in 1926, died. He was also treasurer of St. Louis F.&M.

NELSON E. LURTON, 73, a member of Missouri workmen's compensation commission, died.

CARL A. HALLBERG, 65, manager of the Risk agency of Muskegon, Mich. for 20 years, died at Hackley hospital after a three years' illness.

Home Employees Play Santa Claus in N. Y.

Home's 59 Maiden Lane club presented New York police athletic league with a large bundle of toys, dolls and children's games for distribution to needy children on Christmas. The employee organization's bundle averaged 10 toys from each Home employee. The toys were distributed to the children of New York City at various precinct stations throughout the city on Christmas eve. Deputy Police Commissioner Nolan received the gift from the employees.

EXCESS LIMITS SURPLUS LINES

DRILLING RIGS—MALPRACTICE
LONG HAUL—NATURAL GAS SYSTEMS

Lloyd's,

London

309 W. JACKSON BLVD.
WAbash 2-7577

CHICAGO 4, ILL.
Teletype CG 2785

GRIFFITHS,
TATE, LTD.



Your Client Will Be Well Covered, Too!

By selling your clients GF&C participating casualty policies, you can stop the inroads of direct writers.

General Fire And Casualty Company

(A Stock Company)

Home Office: 1790 Broadway, New York 19, N. Y.

309 W. Jackson Blvd., Chicago 6, Ill.

Telephone: WAbash 2-3600

Insurance written through agents and brokers only.

Furs by David of 57th St.



On your staff, but
not on your payroll



The Northwestern Inspector

Thorough inspection of the property is important to owner and agent. Northwestern inspectors, however, do more than point out sources of potential loss. Through experience and training they are able to suggest how hazards can be eliminated in the most practical and economical way. To clients this is evidence of real service. To agents it means more profitable business that stays on their books.

The inspector is a key man in Northwestern's continuous program of improving the risk and he is ready to serve on your staff. Just contact our department office nearest you.



NORTHWESTERN

MUTUAL INSURANCE COMPANY

FIRE · CASUALTY · AUTO

HOME OFFICE • SEATTLE • WASHINGTON

Chicago Columbus Dallas Denver Houston Los Angeles Missoula New York Oklahoma City
Phoenix Portland Raleigh Salt Lake City San Diego San Francisco Spokane St. Louis
Canada, Vancouver Calgary Edmonton Saskatoon Winnipeg

Formerly Northwestern Mutual Fire Association



Underwriting Specialists

FIDELITY and SURETY
BONDS

INSURANCE CONTRACTS
FOR UNUSUAL NEEDS

SEABOARD SURETY COMPANY

100 WILLIAM STREET, NEW YORK 38

Whitehall 3-7440



HE'S ON YOUR SIDE OF THE FENCE!

It's great to find a sympathetic ear to *your* point of view. It's even better when it belongs to a man who is in a position to be helpful to you when you're in need.

You find both when you put your insurance through your local Employers' Group agent. He's on your side of the fence from that day on. That means a lot because he, personally, rates high with the companies he's insured you in. Yet he is not on their payroll. He runs his own independent business and his success depends entirely on how well he serves you.

Naturally, that means your interest always comes first

with him. He has no company axe to grind . . . yet, he gets prompt action on your behalf when the occasion arises. He smooths the way for you all the time, too—by handling all the details and acting as watch dog to see your policies don't lapse and leave you vulnerable. What's more, being "right next door", so to speak, he's at your beck and call—night, day, Sunday or holiday. You're on the same side—you ought to get together. Write to: The Employers' Group Insurance Companies, 110 Milk Street, Boston 7, Massachusetts and learn the name of "The Man With The Plan" in your community.

THE Employers' Group INSURANCE COMPANIES

Fire, Casualty and Marine Insurance, Fidelity and Surety Bonds

110 MILK STREET, BOSTON 7, MASSACHUSETTS

THE EMPLOYERS' LIABILITY ASSURANCE CORP. LTD. • THE EMPLOYERS' FIRE INSURANCE CO. • AMERICAN EMPLOYERS' INSURANCE CO. • THE HALIFAX INSURANCE CO. OF MASS.

*The Man
with the Plan*

This advertisement appeared as a full page in *The Saturday Evening Post*, October 13

